

City of Madison Heights

Michigan



Adopted
Annual Budget
Fiscal Year 2012-2013



Cover Photos:

In 2011, Madison Heights was named one of the State's most walkable cities by Walk Score, a Seattle, Washington-based data firm that evaluates cities across the nation. To illustrate our City's walkability for nature enthusiasts, shoppers and restaurant patrons, on the cover are photos of the trail in George W. Suarez Friendship Woods, the pedestrian crossing at the clock tower intersection in the Downtown Development District, and the outdoor seating area at J.J.'s Grill on John R.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Madison Heights
Michigan**

For the Fiscal Year Beginning

July 1, 2011

Linda C. Danson Jeffrey R. Emer

President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of Madison Heights, Michigan for its annual budget for the fiscal year beginning July 1, 2011. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only.



Edward C. Swanson
Mayor

Mayor and Council



Robert J. Corbett
Mayor Pro Tem



Margene A. Scott
Councilwoman



Richard L. Clark
Councilman



Brian C. Hartwell
Councilman



Kyle W. Gerald
Councilman



Robert B. Gettings
Councilman

City of Madison Heights Adopted Annual Budget Fiscal Year 2012-13

Mayor

Edward C. Swanson

City Council

Robert J. Corbett
Margene Ann Scott
Richard L. Clark
Brian C. Hartwell
Kyle W. Geraldts
Robert B. Gettings

City Manager

Jon R. Austin

Assistant City Manager for Administrative Services

Melissa R. Marsh

City of Madison Heights Organizational Chart

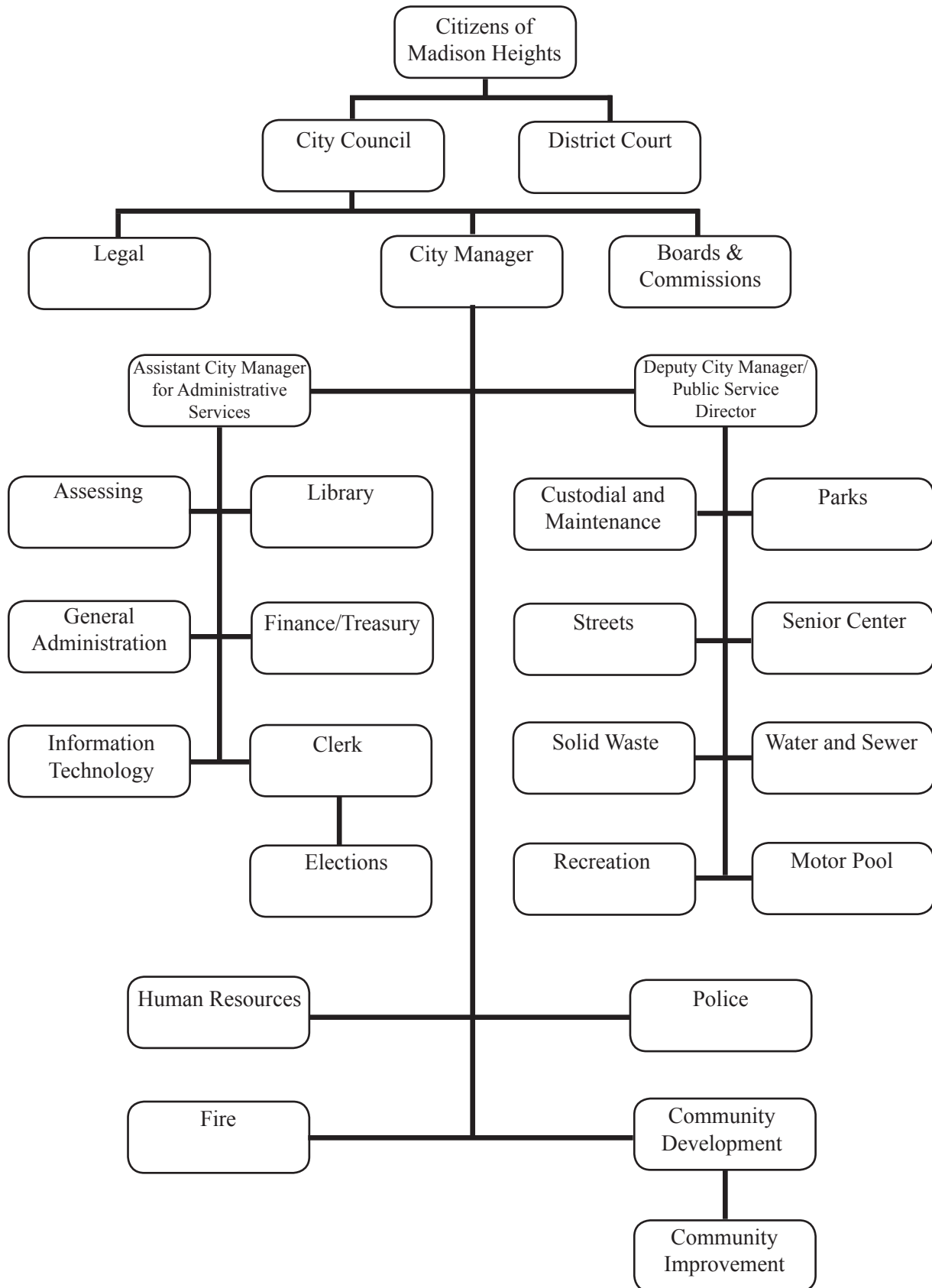


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City of Madison Heights

City Hall Municipal Offices	Department of Public Services	Fire Department	Police Department
300 W. Thirteen Mile Road Madison Heights, MI 48071	801 Ajax Drive Madison Heights, MI 48071	31313 Brush Street Madison Heights, MI 48071	280 W. Thirteen Mile Road Madison Heights, MI 48071

May 14, 2012

Budget Message

Fiscal Year 2012-13 Budget

Honorable Mayor and Council:

Pursuant to Section 8.2 of the Madison Heights City Council Charter and the Michigan Uniform Budget Act, P.A. 621, transmitted herein are the consolidated Budget for the Fiscal Year (FY) beginning July 1, 2012 and the Five Year Capital Improvement Plan for FY 2013-17. The Budget provides the annual financial plan for management of the City's affairs. The document compiles the financial data needed to support the City of Madison Heights's comprehensive decision-making and policy development process. This Budget is based on the Five Year Capital Improvement Plan, the City's financial policies, City Council input, and City Manager and departmental review of operations.

The schedule below was followed for this year's Budget review process:

Thursday, April 5, 2012	Budget delivered to Council <ul style="list-style-type: none">• Policy & Summary Budget• Detailed Line Item Budget
Saturday, April 28, 2012	Budget Workshop
Monday, May 14, 2012	Public Hearing on Budget and Adoption of Budget (required by City Charter Code, Section 8.3 and State of Michigan Public Act 621 of 1978), financial policies and Capital Improvement Plan.

The general public was invited to attend all Council discussion and deliberation on the Budget. The public was also encouraged to contact the City Manager with any questions or comments on the Budget. Additionally, the Budget will be placed on the City's website at www.madison-heights.org.

The total budget equates to \$48.9 million and represents a decrease of \$195,000 or 0.4% over the prior year. The principle cause of the overall budget reduction relates to declining property values, expenditure gap reduction measures, reclassification of expenses based on new accounting standards and a scheduled reduction in the size of the road millage-related road construction. These reductions are offset by the funding of the highest priority one-time capital expenditures including funding five road upgrade projects, paving and repairs at three City parks and upgrade and enhancements to Council Chambers cable television broadcasting equipment.

Introduction

First, I'd like to commend the work of the Department Heads, and especially our Assistant City Manager for Administrative Services, for an excellent effort in maintaining existing services within limited revenues. I would also like to thank the City Council for their feedback and direction as part of recent labor negotiations, the financial outlook, Capital Improvement Plan and the Proposed Budget. Certainly, the difficult times are not over, but I believe that our team has the skills, experience and dedication to continue to work together to develop the best plan for our City going forward.

Second, I would like to acknowledge that both the staff and the City Council would like to see programs and services that were reduced in recent years restored, but we all understand that this isn't possible at this time. As the City Council is aware, the City has the responsibility to determine the needs of the community and work to balance those needs against available resources, building a balanced consensus-based Budget.

Financial Challenges



The reality facing Michigan is that although our State has shown positive signs related to the turnaround of the auto industry, unemployment remains unacceptably high and employment levels have a long way to go to reach pre-recession levels. Further compounding Michigan's situation is that State government continues its attacks on property taxes and revenue sharing, our principle sources of revenue.

Despite conservative and sound financial management, the City of Madison Heights faces a funding challenge that is affecting many Michigan municipalities. Following a three-year decrease in City property tax revenue, staff now forecasts an additional reduction of \$1.1 million in City property tax revenues. Over the last three years, the City has implemented \$4.9 million in gap measures and cut back some City programs while trying to maintain core services.

With the near collapse of the American automotive companies, State and national recession and resulting high unemployment and home foreclosures, the City has seen a deep decline in property values. Property taxes make up 63% of the City's General Fund revenues that support the basic core services of the community.

Over the last six years, the market value of the average single-family home in Madison Heights has dropped from \$138,480 to \$76,320, or 45%. Staff forecast that this decline will continue this year, with the average market value dropping to \$68,429, a total 51% decline.

The City's second largest source of General Fund Revenue is State Shared Revenues, which amount to \$2.6 million or 10.0% of the Budget. The major components of State Shared Revenues are the Constitutional Sales Tax (\$2.2 million) and the Statutory Revenue Sharing, renamed the Economic Vitality Incentive Program (\$296,000).

State Shared Revenues are taxes collected by the State and transferred back to municipalities based on the State Constitution and laws. In the last 10 years, the State has frozen or cut Statutory Revenue Sharing, costing the City \$1.8 million annually in lost revenue.

In addition, there is serious discussion by the State regarding the elimination of personal property tax that for the City equals \$2.9 million this year. Elimination of this revenue without a full replacement by the State will cause an additional 11% reduction in the General Fund staffing/service, reduce road construction under Proposal "R-2" millage and an increase in the Fire Station Bond millage.

Property Values

Beginning in 2006 and 2007, Michigan has seen a general decline in the values of properties sold in the real estate market. When a property's value declines, so does its assessed value. It is important to remember that taxable value of individual properties can increase (when values are rising) by the

lower of inflation, or five percent, but can be no higher than the assessed value. It was common for communities to have significant differences between total taxable value and total assessed value prior to 2007.

Because the taxable value is calculated individually for each property, a general decline in the real estate market will eventually decrease a community's taxable value. In effect, the gap between assessed value and taxable value has decreased and has disappeared for 99.6% of property owners in Madison Heights. Property tax revenues are projected to continue to fall over the next one to two years. Due to the State mandated assessment process that sets values based on sales data that are 9 to 21 months old, property revenue recovery will trail the housing market recovery by over a year.

Foreclosure rates increased substantially from 2005 to 2008 across the state as more and more homes were placed for sale as jobs were lost. Given the magnitude of the job losses, fewer and fewer people are able to buy homes. Foreclosures were high but slightly down in 2009 due to federal home buyer incentives, but increased again to record levels in 2010, before falling in 2011.

The weak housing market has had a direct impact on Madison Heights. Foreclosures tend to drop the values of other homes as depressed price points from lender liquidations compete with the prices obtainable in regular transactions.

In 2011, overall residential property values in Madison Heights decreased by 15.1%. It is estimated that in 2012, assessed residential values will actually decrease by more than 10.3%, and for at least the next year, the assessed values will continue to fall. This decline in values will impact the amount of tax revenue available to support City services.

It is important to note that property values are less sensitive to short-term fluctuations in the economy, and once the full economic recovery begins, it will also take longer for property values to rebound. Since the property tax revenue collected by the City is derived from property values, this projected prolonged downward trend presents a substantial long-term budget impact on property tax revenues.

The State's funding model for local government is broken, and it no longer generates enough resources to maintain high quality local government services across the State.

The State continues to face budget challenges. Their unfunded pension obligation is in excess of \$13 billion. The unfunded retiree health care obligations are over \$40 billion. The State's bond rating is still hurting. Although Governor Snyder has implemented an aggressive plan to cut business tax and fund the lost revenues by taxing retirees and cutting higher education and local government, these additional funding issues will need to be addressed.

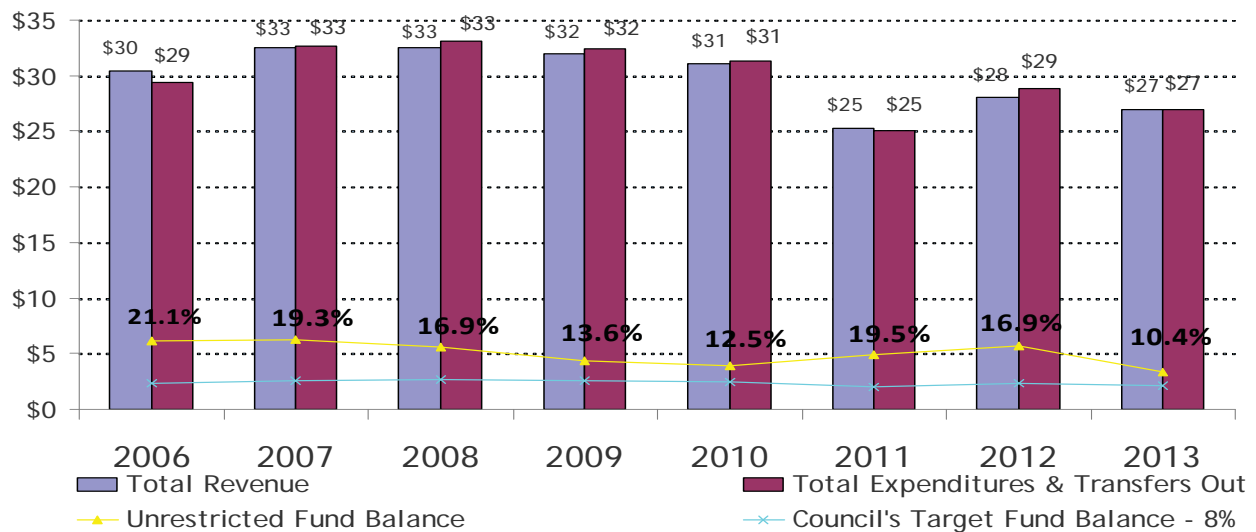
General Fund Overview

Compared to the FY 2011-12 Amended Budget, spending is down \$1.7 million, or 5.8%. Most of the reduction (\$2.3 million) is related to an accounting standards change that removes both Proposal "R-2" Neighborhood Road and Fire Stations Bond millages from the General Fund. After this accounting change, projected property taxes are still down \$1.2 million, or 6.1%, with steep declines in real property, partially offset by additional personal property investments by local businesses.



An increase in constitutionally protected sales tax revenues and the City's success in meeting the Governor's Economic Vitality Improvement Program requirement will generate a \$548,000 increase in funding. The Budget also forecasts a \$293,000 decrease (13.3%) in Court-related revenues based on current ticket volume and collection rates. Below is a chart that illustrates the relationship between revenue, expenditure and fund balance from FY 2006 to FY 2013.

General Fund—Fund Balance compared to total revenues and expenditures (in millions) Years Ended June 30



In regard to the impact on Madison Heights residents, the average home market value in Madison Heights has dropped from \$76,320 to \$68,429 as of December 31, 2011. Although the dropping of the values of homes in our communities is discouraging, this does provide a benefit to the homeowners, as the average taxable value has dropped 10.3%. The homeowner benefits as their City portion of their property tax drops \$55 per year. The \$55 per year savings is equal to a 2.0 mill rollback, a large break for taxpayers.

General Fund Gap Reduction Measures

In preparing the Budget, two major goals were set: first, to avoid asking the Madison Heights residents and businesses for significant new taxes or fees. Although the local economy is coming back, it is not fully recovered and taxpayers have done their part. Second, rather than increase expenditures by rescinding gap measures put in place to maintain current service levels, safeguard against further reductions in property tax, including the possible eliminating of personal property tax, by incorporating a series of saving measures. This year's proposed Gap Reduction Measures can be grouped into four categories:

1. Maintain current staffing levels:
 - a. Recreation Restructuring including elimination of the Recreation Supervisor and upgrade of two positions (\$113,000 savings);
 - b. Record Bureau Restructuring by deleting a vacant full-time position and adding a part-time position; and continue holding the Deputy Chief position open until January of 2013 (\$58,000 savings); and

- c. Staff Fire Department by funding the seven recent promotions and three new firefighters and holding open three vacant positions that would be re-evaluated in 2013 after the Federal SAFER grant extension and the status of 2013 property values are known. This plan will provide three eight-man platoons plus a swing man to cover leave on each shift on a rotating basis.
2. Shift a portion of the Police and Fire retiree health care expense to Retiree Health Care Trust Fund, similar to General Employee shift in FY 2011-12 (\$213,000 savings)
3. Postpone purchase of five lower-priority vehicles scheduled in Capital Improvement Plan (\$84,000 savings)
4. Incorporate labor concessions implemented with non-union employees and union labor agreements (\$829,000 savings)

Total FY 2012-13 General Fund savings equal \$1.5 million.

The Appropriations and General Fund Departmental Summary Chapters outline the details of these Gap Reduction Measures.

Labor Negotiations

In the City of Madison Heights today, 148 of 155 employees, or 95% of the full-time workforce, belong to one of eight bargaining units. Of course, with this high percentage of unionized workforce, it is very time consuming, costly and difficult to initiate the type of change that is necessary to meet our long-range financial constraints.

All eight bargaining units now have contracts in place that run through June 30, 2013. The next round of labor negotiations will start in less than a year. Although the employees have given significant wage and benefit concessions, it will be necessary for the City to continue to reform these labor agreements to meet our future financial challenges.

Other Funds

The Major Street Fund is projected to be up \$2.0 million, or 49.7%, in FY 2012-13. In the Proposed Budget, a total of \$1.4 million is allotted for much needed repairs to John R, Eleven Mile, Campbell and Whitcomb in an attempt to extend their life until additional funding is available for full rehabilitation. Also, in an effort to accumulate a 50% match for an anticipated 2013 \$855,000 grant for long term John R rehab, \$747,000 will be transferred from the General Fund.

The Local Street Budget decreases by \$1.5 million in FY 2012-13. The budget includes a drawdown of reserve funds of \$819,000 for scheduled Proposal “R-2” projects. To address a funding shortfall with the non-R portion of the Fund, a \$175,000 transfer from Major to Local Street Fund has been made. On the revenue side, an area of concern is the drop in property tax revenue of \$205,000 (11.8%).

The Water and Sewer Fund Budget has increased by \$1.2 million, or 11.8%, over the last year. The City is doing an excellent job of reducing our internal cost and rebuilding cash reserves. The principal funding problem stems from the increase in rates of 6% from the Detroit Water and Sewage Board for water and 10.6% (projected) from the Oakland County Water Resources Commission for sewage treatment, resulting in a combined increase of \$415,295 next year. The Budget includes \$474,000 for the replacement of two watermains, \$86,000 for vehicle replacements and upgrades, and \$230,000 in roof repair and replacements. A 6.9% rate increase is recommended to keep the Fund financially sound.



City Council's Changes to Proposed Budget

On May 12, 2012, City Council added to the Proposed Budget these changes:

Revenues

The Library property tax was adjusted from 0.8711 to 1.0000 generating additional funding \$100,000 which will be reserved for future facility's needs (roof, carpet, windows, furniture, computers, electrical, plumbing, heating, air conditioning, landscaping, parking lot, etc.).

Expenditures

1.	John R – Overlay 11 Mile to Red Run Drain, including the balance (years three and four) of the required local grant match of \$428,000 and 8.5% of the original construction cost estimate for engineering survey and design cost of \$105,000.	\$ 533,000
2.	Whitcomb Sectional – John R to Dequindre (increase road repair funding)	100,000
3.	Industrial Sectional – Fourteen to East Avis (increase road repair funding)	100,000
4.	John R Sectional – 10 Mile to 11 Mile (increase road repair funding)	100,000
5.	13 Mile Sectional – Campbell to Dequindre	100,000
6.	Rosie's Park – Hales Parking Lot Overlay	75,000
7.	Civic, Ambassador, Rosie's Park – Sectional Path Replacement and Repair	45,000
8.	City Hall Council Chamber Audio Upgrade and Enhanced Cablecast Playback	<u>40,000</u>
	Total	\$1,093,000

This revenue and these expenditure additions were supported through the change in General Fund fund balance. The adjustment to the Library millage generated a \$100,000 contribution to fund balance, and the eight expenditure projects will increase the use of fund balance by \$1,093,000, resulting in a net increase of use of fund balance of \$993,000. The five road construction and repair projects listed above will be supported by transfers from the General Fund to the Major Street Fund (\$833,000) and the Local Street Fund (\$100,000). The Major and Local Street Funds will then be increased by the corresponding amounts.

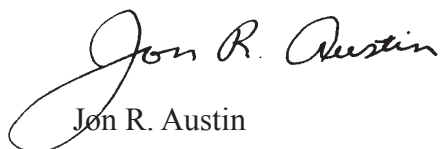
City Council also reinstated cable television coverage of the Zoning Board of Appeals meetings at a cost of \$600. The fee for commercial appeals was increased \$50 to \$550 to partially offset the cost.

Conclusion

In closing, I'd like to acknowledge the outstanding efforts of the Assistant City Manager for Administrative Services Melissa Marsh and Executive Assistant Kathy Vesprini, as well as the Finance and City Manager's Office staff for their hard work and efforts during this year's Budget process. The City's Department Heads and staff are also to be commended for making the necessary reduction proposals and for their team effort in support of this process and their continued commitment to service excellence.

I'd also like to thank the Mayor and City Council for their leadership and support in planning the financial operations of the City in a responsible and progressive manner during this difficult financial time. I look forward to next year and our efforts to bring even greater success to our community.

Respectfully submitted,



Jon R. Austin

EXECUTIVE SUMMARY
FY 2012-13 ADOPTED BUDGET

General Fund - Revenues

Total revenues are projected to be down \$1.7 million in the Budget as compared to FY 2011-12. Most of the change in General Fund revenues can be highlighted by looking at three areas, two of which decreased and one that increased.

- **Property Tax**

Working with the Financial Auditor, the City is moving to full implementation of GASB Statement No. 54. As part of the new accounting standard, the City will, for the FY 2012-13 Budget, be reclassifying specific revenue sources that are restricted to expenditures for specific purposes. In previous budgets, the revenue generated for the Proposal “R-2” Neighborhood Road Improvement Property Tax Millage and the Fire Stations Bond Property Tax Millage have been first recorded in the General Fund and then transferred dollar for dollar to the Local Street Fund and the Fire Stations Bond Fund.

In the FY 2011-12 Budget, the transfers were \$1.9 million for the R-2 Millage and \$393,000 for the Bond Millage, or a total of \$2.3 million. Although removing these millages are revenue-neutral (revenue reduction equals expenditure reduction), it does have the impact of decreasing the General Fund Budget by 8.3%.

Property tax related revenues will decrease \$1.0 million, or 6.0%. Tax on real property will decrease by \$1.5 million (10.2%), while personal property tax (commercial and industrial machinery, fixtures and equipment) are projected to grow by \$378,000, or 17.1%.

The most significant issue regarding property tax revenues this year involved the taxable values, not the millage rates. With the near collapse of the American automotive companies, State and national recession and resulting increase in unemployment and home foreclosures, the City has seen a deep decline in property values.

Over the last six years, the market value of the average single-family home in Madison Heights has dropped from \$138,480 to \$76,320, or 45%. Staff forecasts that this decline will continue this year, when the average market value will have dropped to \$68,429, a 55% decline during this seven year period. The slide in property value is expected to continue for the next year or two.

While personal property tax for business was up as noted earlier, the commercial and industrial real properties (building and properties) declined in 2012, down 7.0% and 16.2% respectively. The majority of this decline is related to the high vacancy rates in southeast Michigan and the large value reductions being granted by the Michigan Tax Tribunal. All properties combined will see a 10.0% drop in State Equalized Values and a 9.6% drop in Taxable Values.

The City has nine separate millages: general operating, roads, vehicles, solid waste, advanced life support (ALS), senior citizens, police and fire pension, fire station bond and library. Seven of the individual millages (general operating, roads, vehicles, advanced life support, solid waste, senior citizens and library) are capped by the limits of Proposal “A” and Headlee. Overall, millage rates are up 2.6% to 22.4 mills, with increases in

police and fire retiree pension/medical costs and fire stations bonds partially offset by a reduction in the library and senior citizens millages.

- State Shared Revenues

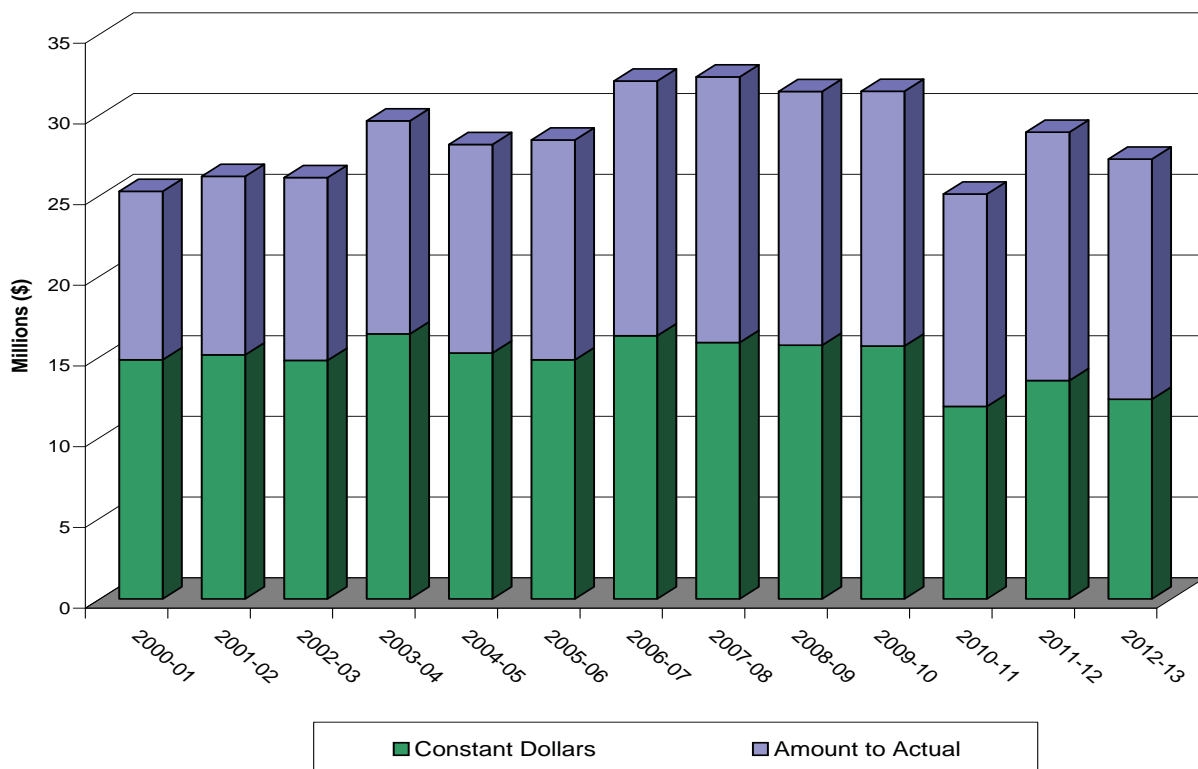
State Shared Revenues can be difficult to project. Under the Governor's Proposed Budget, a 2% increase is recommended for Sales Tax Constitutional (\$2.2 million) and no change to the Economic Vitality Improvement Program (EVIP) (\$296,000). The EVIP budget projection is based on the City qualifying for two of three of the program requirements.

- Court Revenues

The third largest source of General Fund Revenue is composed of Court fines, forfeits and charges (\$1.9 million), which are used to offset the cost of operating our State-mandated District Court. The Budget forecasts a \$293,000 decrease (13.3%) in Court-related revenues based on current ticket volume and collection rates.

General Fund - Expenditures

Factoring in the effects of inflation (change in the Detroit Area CPI-W), the FY 2012-13 Budget decreased 3.9% in constant dollar terms when compared to the FY 2011-12 Budget.



Constant dollar expenditures are calculated by adjusting actual expenditures for the Detroit Area Consumer Price Index - Workers (CPI-W) using the Bureau of Labor Statistics' 1982-84 base year. The increases from FY 2002-03 to FY 2003-04 are due to the restoration of the fire-damaged Department of Public Service building. The substantial drop from FY 2003-04 to FY 2004-05 relates to the State's cuts in shared revenues, resulting in a five percent reduction in the City workforce and implementation of the Council's Goal Plan related budget measures. The large reduction in FY 2010-11 is caused by service,

program and special events reductions caused by the large drop in property tax revenues and further cuts to State Revenue Sharing. Note the constant General Fund Budget is lower now than it was 12 years ago.

Total expenditures for the FY 2012-13 Budget are down \$1.7 million, or 5.8%. Details of the expenditure reductions are outlined in the Appropriations Chapter. Although it was very difficult again this year, the City did succeed in maintaining the highest priority basic services.

- Personal Services

Given the financial constraints and the fact that 68% of the General Fund is comprised of personal services expenses, we are continuing the wage freeze for all full and part time employees, and the negotiated salary and benefit concessions.

The Budget programs a small reduction in the overall workforce of one vacant full time Recreation Supervisor position, one vacant full time Police Records Clerk, and the plan to hold open four current vacant positions until the next year when existing manpower grants and property values can be determined.

As a point of reference, in addition to these positions, the City has already reduced the workforce by 94 positions, or 38%, over the years. The departments have worked hard to maintain the programs by stretching staff's resources to provide existing services at or near the same levels that have been provided in prior years.

Overall, Personal Services accounts are down \$957,000, or 5.4%, in the Budget due to negotiated wage and medical insurance labor concessions, and position savings.

- Supplies

In the non-personal services areas, the departments have continued to hold back on their supply accounts. Almost all accounts were held constant or reduced. Two exceptions include an additional: \$16,000 in dedicated funding to replace 25 outdated computers; and \$27,000 in Senior Center program costs for an increase in the number of bus trips and the number of participants. The increase in costs for senior trips is offset by the increase in revenue generated by the charges for those trips.

- Other Services and Charges

In the area of Other Services and Charges, budget increases were held to a minimum (up 0.4%). The most significant changes in this category of expenditures included a \$57,000 savings in utility costs due to the recent energy conservation projects; a \$42,000 increase in gasoline cost reflected in motor pool charges; and a \$30,000 increase in charges from the Police and Fire Pension Board investment managers and consultants.

- Capital Outlay

The General Fund Capital Outlay purchases total \$999,518. The majority of the purchases are funded through dedicated millages (Proposal "V", "L" and Senior millages) or through a use of Fund Balance. The remaining items include annual law book purchases for the District Court, five vehicles (building maintenance van, two dump truck v-box inserts, dump truck and senior van), Senior Center fire sup-

pression system, 31 radio replacements (due to new FCC radio frequency changes) for Police and equipment upgrades for Fire. The new fire equipment would include \$6,400 for new rescue headsets to enhance communication during runs, \$23,000 for replacement of both thermal imaging cameras, \$6,000 to replace power saws and \$3,500 for a new fire station alerting system.

- Expenditure Gap Reduction Measures

Over the last three years, the City has been forced to implement over \$4.9 million in gap reduction measures. The Madison Heights voters have also contributed by approving up to 2.2 mills for Ballot Proposals “L” and “MR”. Since the approval of the FY 2011-12 Budget in May 2011, the City staff has continued to seek out additional means to reduce recurring costs going forward.

In preparing the Budget, staff focused on two major goals: first, avoiding asking the Madison Heights residents and businesses for significant new taxes or fees. Although the local economy is coming back, it is not fully recovered, and taxpayers have done their part. Second, rather than increase expenditures by rescinding gap measures put in place the last three years, staff wanted to at least, for the next year, maintain current service levels as a safeguard to further reductions in property tax including the possible elimination of personal property tax by the State.

The year’s proposed Gap Reduction Measures can be grouped into four categories:

1. Maintain current staffing levels:
 - a. Recreation Restructuring including elimination of the Recreation Supervisor and upgrade of two positions (\$113,000 savings);
 - b. Record Bureau Restructuring by elimination of a vacant full-time position and adding a part-time position; and continue holding of Deputy Chief position open until January of 2013 (\$58,000 savings); and
 - c. Staffing Fire Department by funding the recent seven promotions and three new firefighters and holding open three vacant positions, that would be re-evaluated in 2013 after the Federal SAFER grant extension is determined and property value trends are reviewed. This plan will provide three eight-man platoons plus a swing man to cover leave on each shift on a rotating basis.
2. Shift a portion of the Police and Fire retiree health care expense to Retiree Health Care Trust Fund similar to General Employee shift in FY 2011-12 (\$213,000 savings)
3. Postpone purchase of five lower-priority vehicles scheduled in Capital Improvement Plan (\$84,000 savings)
4. Incorporate labor concessions implemented with non-union and union labor agreements (\$713,000 savings)

Total FY 2012-13 General Fund savings equal \$1.5 million.

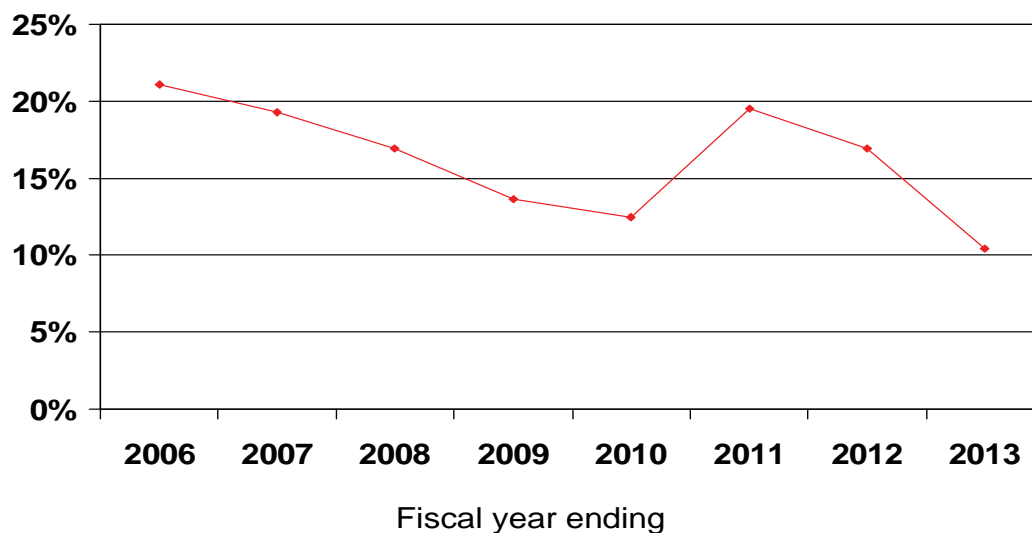
General Fund - Fund Balance

Now that the staff has completed our annual audit, the long-range financial outlook presentation and Five-Year Capital Improvement Plan, it is important that the City continue to look forward by developing a long-term financial strategy that would not only address the projected General Fund revenue/expenditure gap, but set the stage for the future budgets.

The City's successful management of our financial constraints has presented us with both new challenges and opportunities. Below is a graph of the General Fund fund balance decline from 2006 to 2013 (projected). On June 30, 2011, the City built the General Fund unreserved fund balance to \$4.9 million, or 19.5% of General Fund expenditures. In addition, staff are projecting the fund balance will be \$4.9 million, or 16.9% by June 30, 2012. The opportunity the City faces is the ability to make wise use of some of the fund balance to address critical needs of the City while actually reducing long-term costs in future years.

General Fund Ending Fund Balance

100% of Fund Balance is assigned



Source: City Audited Annual Financial Reports

The following non-recurring capital outlay purchases from the General Fund fund balance address some priority outstanding needs:

Major Road Maintenance and Repair	\$2,169,000
Park Parking Lot and Path Replacement and Repair	120,000
Information Technology and Cablecasting Catch Up Projects	62,500
Building Repair Projects	<u>25,000</u>
	\$2,376,500

To implement this plan, the Budget programs \$2.4 million use of fund balance. Based on these projects, the Proposed Budget projected fund balance will remain a solid 10.4% of General Fund Expenditures.

All Funds Overview

The combined FY 2012-13 Budget for the City's 13 appropriated funds decreased \$195,000 or 0.4% to \$48.9 million as compared to the FY 2011-12 Amended Budget.

TOTAL APPROPRIATIONS SCHEDULE

ALL FUNDS

FISCAL YEAR 2012-13

Fund Name	Actual 2010-11	Estimate 2011-12	Proposed Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
General Fund	\$ 25,097,949	\$ 28,931,522	\$ 27,255,039	\$ (1,676,483)	(5.8)
Major Street	1,220,329	1,303,597	3,255,027	1,951,430	149.7
Local Street	2,077,037	4,649,873	3,171,853	(1,478,020)	(31.8)
Parks Maintenance and Improvement	49,406	23,659	64,645	40,986	173.2
Downtown Development Authority	111,843	125,970	77,169	(48,801)	(38.7)
Police Drug Forfeiture	30,383	103,000	59,900	(43,100)	(41.8)
Community Improvement	1,901,886	2,001,818	1,982,606	(19,212)	(1.0)
Fire Manning Grant (SAFER)	98,028	231,932	119,506	(112,426)	(48.5)
Special Assessment Revolving	401,049	452,779	516,915	64,136	14.2
Fire Station Bond Fund	413,307	415,687	422,758	7,071	1.7
Fire Station Construction Fund	1,673	30,646	1,000	(29,646)	(96.7)
Water & Sewer Fund	8,961,749	9,823,271	10,981,152	1,157,881	11.8
Motor & Equipment Pool	905,800	1,048,334	1,039,295	(9,039)	(0.9)
Total Appropriations	\$ 41,270,439	\$ 49,142,088	\$ 48,946,865	\$ (195,223)	(0.4)

* Net Budget is \$45.1 million excluding duplicate interfund transfers and charges.

Major Street Fund

The Major Street Fund's purpose is to account for expenditures associated with the maintenance needs of the 21.5 miles of the major street road system. The Budget programs a \$2.1 million transfer from the General Fund fund balance to support road repair deferred in recent years due to the reduction in State road funding. The projects include sectional concrete replacement on John R from the Red Run Drain to Ten Mile (\$450,000) and Eleven Mile from I-75 to Dequindre (\$500,000); Campbell Road curb repair Twelve Mile to Thirteen Mile (\$150,000); reconstruction of Campbell Road at Twelve Mile intersection and north (\$22,000); and \$747,000 to complete the allocation toward a local federal grant match to provide an asphalt overlay on John R from Red Run Drain to Eleven Mile in 2013. In addition, funding is programmed for sectional concrete replacement on Whitcomb between John R and Dequindre (\$225,000).

Local Street Fund

The Local Street Fund's purpose is to account for expenditures associated with the maintenance needs of the 74.01 miles of the local street road system. On August 6, 1996, the voters in Madison Heights approved the ten year Millage Proposal "R-1" by an overwhelming margin. The "R-1"

Road Millage Program has provided the necessary funding to carry on a ten-year comprehensive residential street repair and reconstruction program. On August 8, 2006, voters approved Millage Proposal “R-2” for an additional ten years. The “R-2” millage will fund ten years of road improvement projects include new concrete streets, approaches, and necessary sidewalk repair and storm sewer installation. This year’s neighborhood projects are funded at the \$2.3 million level and includes “R-2” funded projects for sectional concrete replacement (\$100,000); reconstruction of Lenox, Hampden, University, Brettonwoods, Forrest, Gardenia and Parker (\$2.2 million) and a contribution for ramps and corner squares for Year 10 of the Sidewalk Replacement Program (\$20,000).

In addition, funding is programmed for sectional concrete replacement on Industrial between Fourteen Mile and East Avis (\$200,000); smaller sections on Sherman, Kempar, Tech Row and Research (\$50,000); and Whitcomb east of Stephenson (\$25,000).

Parks Maintenance and Improvement Fund

The Parks Maintenance and Improvement Fund was established with a November 2007 one-time payment of \$850,000 from the George W. Kuhn Drain District in exchange for the City’s agreement to assume responsibility for the operation and upkeep of the new ten-acre Red Oaks Soccer Complex. The projected revenues for the budget year include \$16,000 in interest income from the investment of the original payment. The revenues and accumulated funds can be used for any Madison Heights park system improvement. At total of \$32,000 is programmed for the Soccer Complex, principally mowing, snow removal, building utilities and soccer field watering. An additional \$32,500 has been budgeted to match funds from the Oakland County Parks and Recreation Commission (OCP&RC) for a project to remove excessive dead wood from George W. Suarez Friendship Woods. An OCP&RC decision on this proposed partnership is still pending.

Downtown Development Authority Fund

The Downtown Development Authority (DDA) was established to correct and prevent stagnation and deterioration within the south-end commercial business district. The Authority has established boundaries that include properties abutting John R Road from Gardenia to Ten Mile Road and Eleven Mile Road from I-75 to Lorenz. This property is primarily zoned and used for commercial and industrial purposes. The Authority’s goal is to eliminate blight influences and undertake projects that will encourage new businesses to locate and existing businesses to remain in the area.

The Authority intends to develop programs to solicit commitment and investment from business owners to make improvements on private property that will serve the public purpose of enhancing the district. Financing of public improvements will be provided through the capture of incremental property tax revenues on properties within the District.

The FY 2012-13 Budget highlights include funding for: \$5,000 to retain a contractor for maintenance of the greenbelt along John R and Eleven Mile Road; \$56,000 (50%) contribution to the City’s Economic Development Program; \$5,000 trash receptacle program; \$6,300 building facade improvement grants; and \$3,000 for clock tower and trash receptacle maintenance.

Drug Forfeiture Fund

The Drug Forfeiture Fund is used to account for revenues generated by drug forfeiture and expenditures related to enforcement of drug laws pursuant to Public Act 251 of 1982. The Budget includes \$55,400 for the replacement of two patrol cars.

Community Improvement Fund

The Community Development Improvement Program is a federally funded division of the Community Development Department. This division is charged with the administration of the City's Community Development Block Grant and Housing Commission funds. Block Grant funds are used for such things as the home chore program, code enforcement, minor home repair and other similar projects that benefit low and moderate-income residents. The Home Chore Program will provide grass mowing and snow shoveling for needy seniors.

The City's Housing Commission funds are used to subsidize the rent for 273 low-income tenants. In addition, these funds provide assistance to low-income families in securing low interest and/or deferred home improvement loans.

Special Assessment Revolving Fund

The Special Assessment Revolving Fund is used for the financing of construction of commercial, industrial and residential roads, sidewalks and other City projects. Revenues are received from special assessment payments and interest income. On March 12, 2001, the City Council adopted a new sidewalk special assessment program that establishes a twelve year program to address needed repairs and complete the sidewalk network. A total of \$420,000 has been budgeted to support year ten of the program for an area bounded by Thirteen Mile, I-75, Whitcomb and Dequindre Road.

Water and Sewer Fund

The Water and Sewer Divisions of the Department of Public Services supports the activities of this Fund. The Divisions are responsible for providing water distribution and sewage collection for the City's residents and businesses.

Highlights for this year's Budget include: \$474,000 programmed to replace water mains on Hampden and Palmer; \$230,000 for roof repairs and replacement; and \$86,000 to recondition a sewer vacuator and replace two pickup trucks.

Based on the analysis by the Finance Department of the Water and Sewer Fund Retained Earnings and projected Revenues and Expenditures, the City's water and sewer rates will increase by 6.9% (no increase to the City meter charge). The average quarterly residential water and sewage bill will rise to \$160.30 (based on average 2,200 cubic feet of consumption).

Motor Pool and Equipment Fund

This Fund's operation is administered through the Motor Pool Division of the Department of Public Service. The Division is responsible for maintaining all City vehicles and related equipment, and coordinating operator training for the Department of Public Services. The Motor Pool also orders gasoline and diesel fuel and oversees work done on all emergency backup generators.

GOVERNOR'S ECONOMIC VITALITY INCENTIVE PROGRAM

As part of the FY 2012 State Budget, Governor Snyder proposed, and the Legislature supported, the implementation of the new Economic Vitality Incentive Program (EVIP). The State has now eliminated the Statutory Revenue Sharing Program that was created in 1971, which was put in place to reimburse local governments for tax revenue formerly collected at the local level, which had been captured by the State and replaced with the EVIP.

Up until this change, there had been two forms of shared revenues, the first of which is Constitutionally guaranteed and provides communities a small portion of the sales tax collected by the State based on each community's population. The second type is the aforementioned Statutory Revenue Sharing. The Constitutionally guaranteed portion is not subject to reduction by the State, but in recent years the State has reduced City of Madison Heights's Statutory Revenue Sharing from \$2.1 million to \$654,000 annually.

Statutory Revenue Sharing brought in \$654,000 for the City's FY 2010-11 Budget Year. Based on the FY 2012 State Budget, the City appropriated EVIP Program funding of \$445,000. In order to qualify for this amount, the City was required to meet three compliance components of the new program.


- 1. Accountability and Transparency Requirement.** By the October 1, 2011 deadline, to meet the requirement, the City generated both a performance "dashboard" and a citizen's guide to City's finances that are currently available to the public including being posted on the City's website.
- 2. Service Sharing and Consolidation Requirement.** By the January 1, 2012 deadline, the City developed a plan to document existing and proposed new consolidated services that will result in taxpayer savings. The plan estimates potential savings and costs associated with developing one new shared service arrangement between the City and Oakland County Parks to provide programming at the Nature Center.
- 3. Employee Compensation Requirements.** By the May 1, 2012 deadline, the City agreed to strive, for any new, modified or extended contract, for employee compensation to be subject to the following criteria:
 - a. Placing all new hires on a defined contribution plan or a hybrid retirement plan that caps annual employer contributions at 10% of base salary.
 - b. For defined benefit pension plans, a maximum multiplier of 1.5% for all employees who are eligible for social security benefits, except, where postemployment health care is not provided, the maximum multiplier shall be 2.25%. for all employees who are not eligible for social security benefits, a maximum multiplier of 2.25%, except, where postemployment health care is not provided, the maximum multiplier shall be 3.0%.
 - c. Implementing controls to avoid pension spiking by using a three-year salary average that does not include more than a total of 240 hours of paid leave and overtime to determine benefit levels.
 - d. If health care is offered, all new employees must be on an 80/20 employer to employee health care premium split. Alternatively, a dollar amount would be assigned to local health care plans and compared to the State health care plan if it is an HMO or includes other cost saving measures, such as co-pays or deductibles.

On April 26, 2012, the Michigan Legislature approved a last minute change to the Employee Compensation Requirement, moving the deadline to June 1, 2012 and allowing communities to qualify by certifying compliance with Public Act 152 regarding employee contributions to health care costs.

Municipalities were awarded one-third of their funding for each of the three requirements they met. Local units were required to meet every criteria described in this specific compliance component by the defined timeline in order to receive the payment. Municipalities that did not meet the criteria saw reduced funding in their scheduled EVIP payments.

ACCOUNTABILITY AND TRANSPARENCY REQUIREMENT

Presented below is the City of Madison Heights's Dashboard. After the Dashboard, the following five pages make up the FY 2011 Citizen's Financial Report.

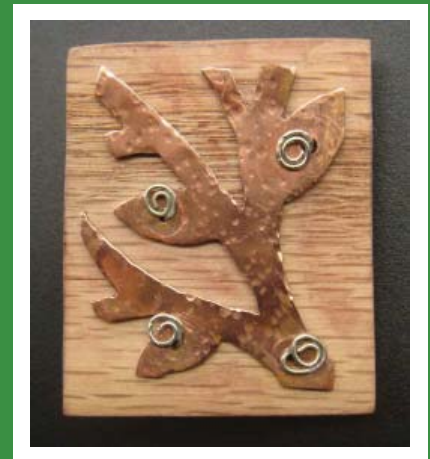
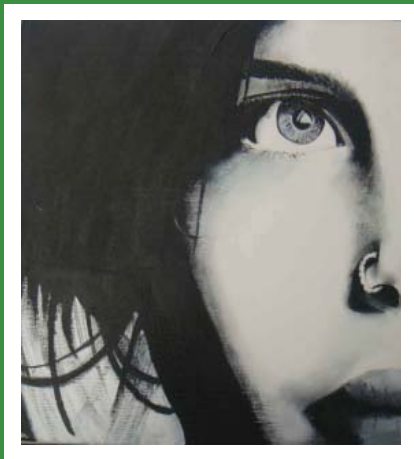
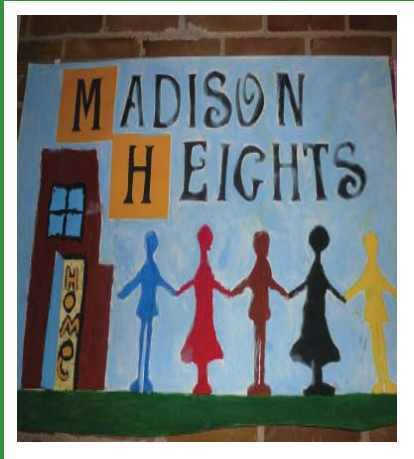
 <div>City of Madison Heights Dashboard</div>			
Prior Year = FY 2010		Current Year = FY 2011	
Fiscal Stability	Prior	Current	Progress
Annual General Fund Expenditures Per Capita	\$ 1,019	\$ 850	↑
Unrestricted Fund Balance as a % of Expenditures	12.9%	19.5%	↑
Other Post-Employment Benefits Liability Funding Percentage	15.1%	25.7%	↑
Debt Burden Per Capita	\$ 490	\$ 520	↓
Full-time Employees	184	157	↑
Total Taxable Property Value (in millions)	\$ 1,056	\$ 841	↓
Public Safety	Prior	Current	Progress
Number of Total Calls Answered by Public Safety Dispatch	66,599	60,045	↑
Number of Emergency Medical Service (EMS) and Rescue Calls	2,610	2,482	↑
Number of People Transported by EMS	1,544	1,655	↑
Number of Commercial Building Inspections	1,417	1,327	↓
Number of Building Structure Fire Calls	49	68	↓
Total Vehicle Crashes	1,129	1,549	↓
Total Traffic Fatalities	2	0	↓
Total Arrests	1,098	1,060	↑
Traffic Police Citations Issued	8,490	12,217	↓
Economic Strength	Prior	Current	Progress
% of Community with Access to High Speed Internet	100%	100%	↔
Number of New Businesses	100	112	↑
Investment in Streets, Water and Wastewater Infrastructure Per Capita	\$ 206	\$ 149	↓
Building Inspection - Dollar Value of Permits (in thousands)	\$ 5,486	\$ 10,452	↑
Unemployment Rate	14.8%	11.1%	↑
Commercial Vacancy Rate	8.8%	8.5%	↑
Industrial Vacancy Rate	12.9%	12.7%	↔
Quality of Life	Prior	Current	Progress
% of General Fund Budget Committed to Arts, Culture and Recreation	5.4%	6.1%	↑
Senior's Meals Served Daily	108	100	↔
Senior Two-Way Bus Trips Provided	8,721	8,650	↓
Operating Budget Per Park Acre	\$ 3,319	\$ 2,751	↑
Library Visits Per Year	103,227	109,074	↑
% of Drinking Water Standards Met	100	100	↔
Persons Enrolled in Recreation Programs	2,503	2,156	↓

Performance Improving ↑ Performance Staying About the Same ↔ Performance Declining ↓



City of Madison Heights

Michigan



Downtown
Development Art
Competition Schools
Exhibits

Citizens Financial Report Fiscal Year 2010-2011



City of Madison Heights

City Hall Municipal Offices
300 W. Thirteen Mile Road
Madison Heights, MI 48071

Department of Public Services
801 Ajax Drive
Madison Heights, MI 48071

Fire Department
31313 Brush Street
Madison Heights, MI
48071

Police Department
280 W. Thirteen Mile Road
Madison Heights, MI 48071

www.madison-heights.org

March 12, 2012

To the Citizens of the City of Madison Heights,

The City is pleased to present the fourth Citizens Financial Report to the residents of Madison Heights for fiscal year ended June 30, 2011. The purpose of this Citizens Financial Report is to provide an overview of the City's financial performance and progress the City has made during the prior fiscal year.

The report format is in compliance with the Economic Vitality Incentive Program (EVIP) which was signed into law by Governor Snyder in May 2011. This program sets specific requirements for municipalities to meet in order to continue to receive statutory revenue sharing. Successful completion of these requirements will result in the City retaining \$444,823 formerly pledged to the City under the State's Revenue Sharing Program. One of the key components of this program is for municipalities to summarize the financial activities of the City in an easy to read format and present this to the citizens.

Thank you for taking the time to review the Citizen's Financial Report. If you have any questions or comments, please email the City Manager, Jon R. Austin at jonaustin@madison-heights.org or the Assistant City Manager for Administrative Services, Melissa R. Marsh at melissamarsh@madison-heights.org.

Thank you,

City of Madison Heights

Area Code (248)

Assessing858-0776
City Clerk583-0826
City Manager.....583-0829
Community Development.....583-0831
Department of Public Services589-2294
Finance.....583-0846

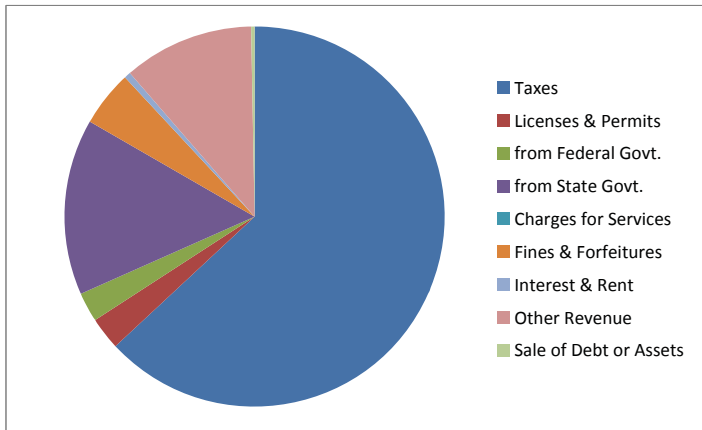
Fire Department583-3605
43rd District Court583-1800
Housing Commission583-0843
Human Resources583-0828
Library.....588-7763
Mayor & City Council.....583-0829

Nature Center585-0100
Police Department585-2100
Purchasing837-2602
Recreation589-2294
Senior Citizen Center.....545-3464
Water & Treasurer.....583-0845

CITIZENS' GUIDE TO LOCAL UNIT FINANCES - City of Madison Heights

REVENUES

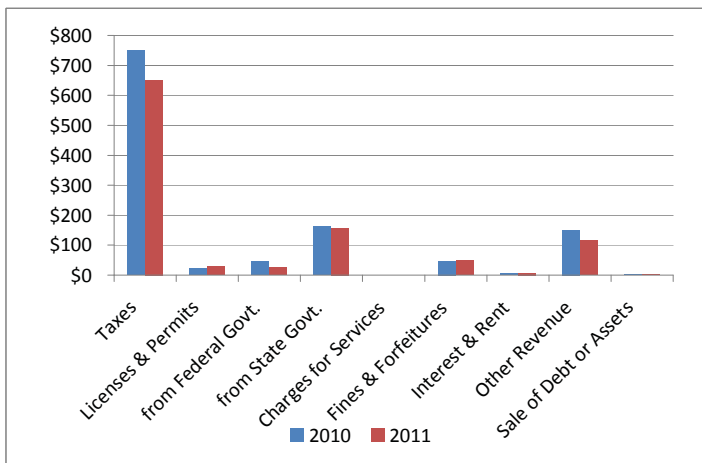
1. Where our money comes from (all governmental funds)



2. Compared to the prior year

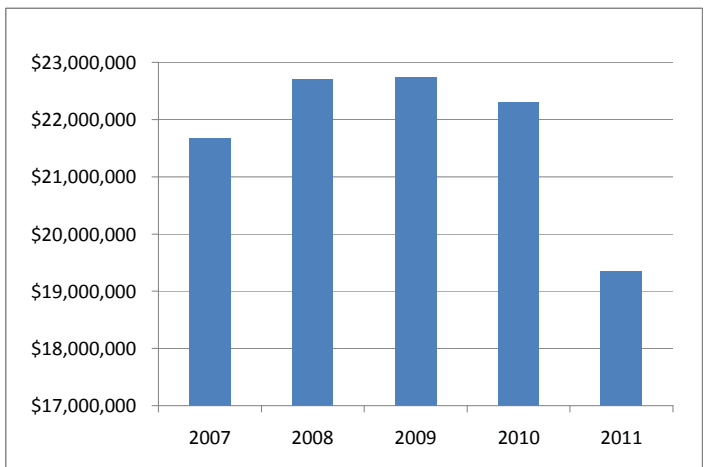
	FY 2010	FY 2011	% change
Taxes	\$ 22,300,597	\$ 19,353,890	-13%
Licenses & Permits	671,046	821,766	22%
from Federal Govt.	1,346,717	781,349	-42%
from State Govt.	4,798,358	4,653,715	-3%
Fines & Forfeitures	1,399,825	1,420,334	1%
Interest & Rent	161,777	208,271	29%
Other Revenue	4,458,501	3,421,164	-23%
Sale of Debt or Assets	82,243	43,103	-48%
	<u>\$ 35,219,064</u>	<u>\$ 30,703,592</u>	-13%

3. Revenue sources per capita - compared to the prior year



4. Historical trends of individual sources

Taxes

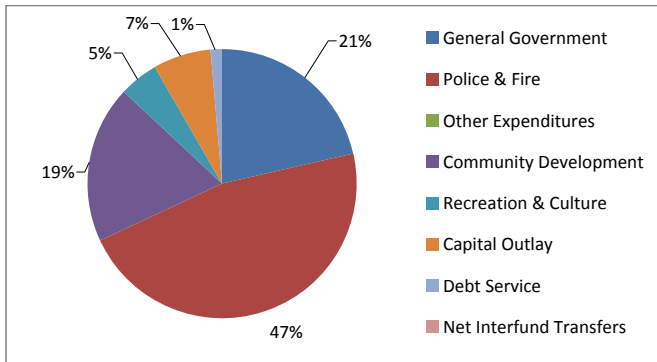


Governmental funds include the General Fund, Major and Local Street Funds, Special Assessment Revolving Fund and other Non-Major Funds. Governmental Fund's revenues were down 13% when compared to FY 2010. This decline is due to decreasing operating and capital grants, state-shared revenues, and property tax revenues. During the Fiscal Year the City's overall taxable value decreased over 13%. It is anticipated that taxes will continue to decline for at least the next two years. The City's second largest source of Governmental Fund revenue is State Shared Revenues, which amount to 7.1 % of General Fund Revenues.

CITIZENS' GUIDE TO LOCAL UNIT FINANCES - City of Madison Heights

EXPENDITURES

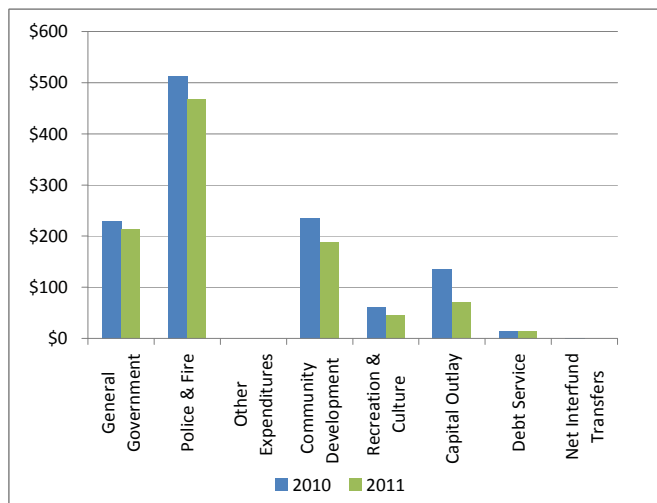
1. Where we spend our money (all governmental funds)



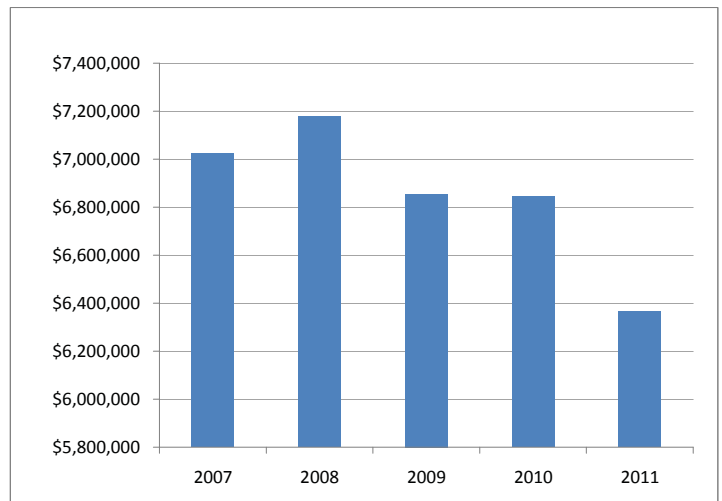
2. Compared to the prior year

	FY 2010	FY 2011	% change
General Government	\$ 6,844,663	\$ 6,365,256	-7%
Police & Fire	15,248,382	13,903,190	-9%
Health & Welfare	6,319	0	-100%
Community & Economic Dev.	7,011,369	5,618,731	-20%
Recreation & Culture	1,813,638	1,365,594	-25%
Capital Outlay	4,053,045	2,087,584	-48%
Debt Service	405,484	413,307	2%
Total Expenditures	\$ 35,382,900	\$ 29,753,662	-16%

3. Spending per capita - compared to the prior year



4. Historical trends of General Government Department Groups:



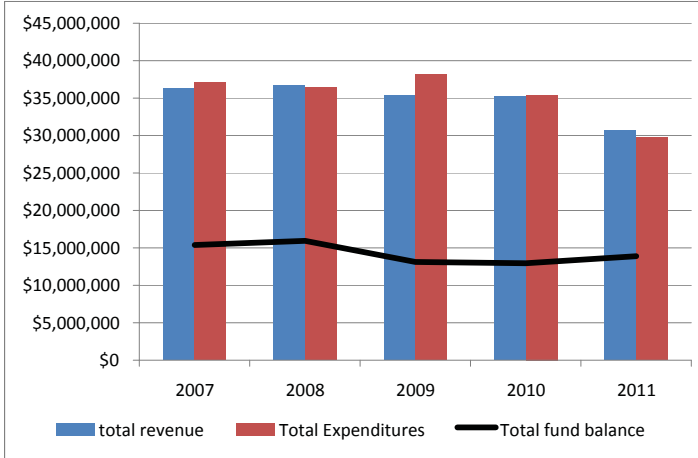
Total expenditures for Governmental Activities were down 16% when compared to FY 2010. This is due to the City's aggressive strategy to maintain a financially sound city by keeping expenditures in line with current year revenues. This financial goal has been accomplished through financial forecasting and expenditure gap reduction measures which decreased expenditures an additional \$1 million in FY 2011. Expenditures in FY 2011 were \$6.6 million lower than FY 2008.

For more information regarding the City's Finances please visit www.madison-heights.org or contact the City Manager's Office or Finance Department.

CITIZENS' GUIDE TO LOCAL UNIT FINANCES - City of Madison Heights

FINANCIAL POSITION

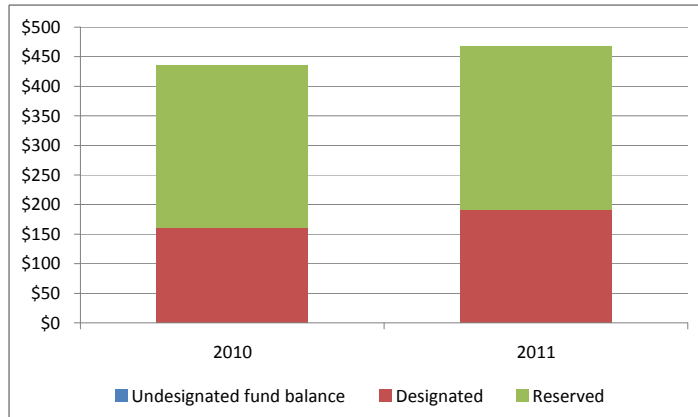
1. How have we managed our governmental fund resources (fund balance)



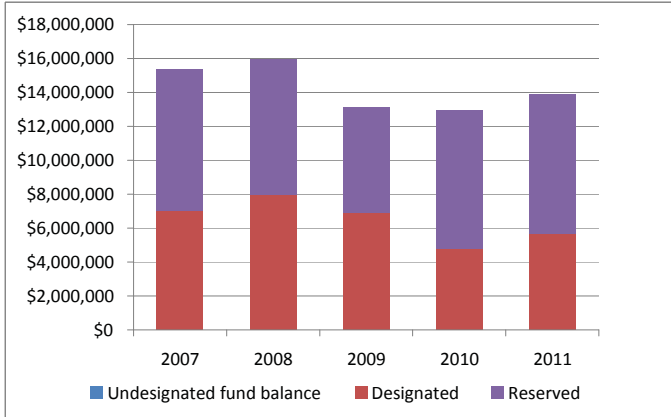
2. Compared to the prior year

	FY2010	FY 2011	% change
Revenue	\$ 35,219,064	\$ 30,703,592	-12.8%
Expenditures	35,407,024	29,753,662	-16.0%
Surplus (Shortfall)	\$ (187,960)	\$ 949,930	-605.4%
Fund Balance, by Component:			
Reserved	\$ 8,175,046	\$ 8,229,185	0.7%
Designated	4,771,527	5,667,318	18.8%
Undesignated	0	0	0%
Total Fund Balance	\$ 12,946,573	\$ 13,896,503	7.3%

3. Fund balance per capita - compared to the prior year



4. Historical trends of Fund Balance Components



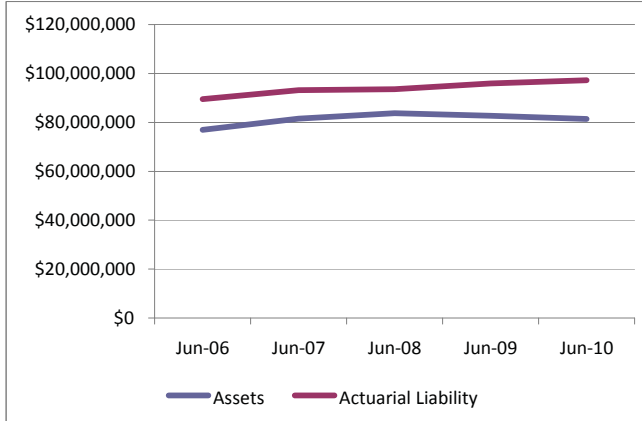
At June 30, 2011 the Governmental Funds had fund balances of \$13.9 million of which only \$5.7 was unreserved. This is 19% of the FY 2011 expenditures. The General Fund was budgeted to use \$801,000 in fund balance; however, at year end \$146,900 was added to fund balance. This significant savings was due to the Michigan Municipal Risk Management Authority distribution of \$246,000, holding and or eliminating vacant positions throughout the year resulted in savings of \$214,200, rebid solid waste contract \$284,500, reduction in Fire Department overtime \$153,000 and unemployment contributions savings \$50,100.

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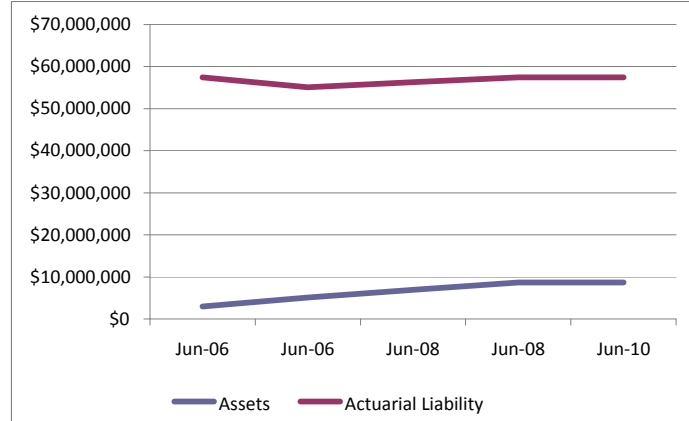
CITIZENS' GUIDE TO LOCAL UNIT FINANCES - City of Madison Heights

OTHER LONG TERM OBLIGATIONS

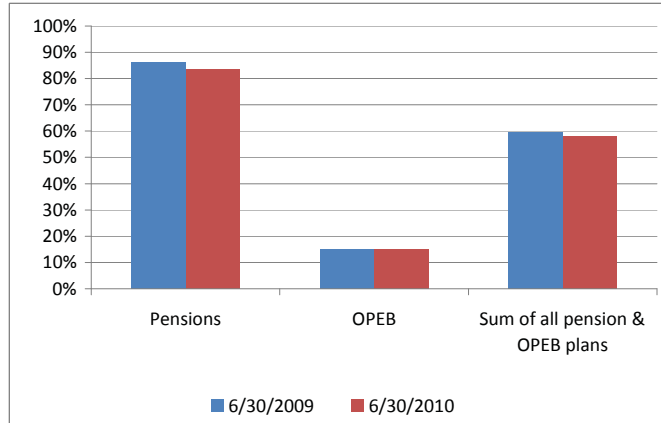
1. Pension funding status



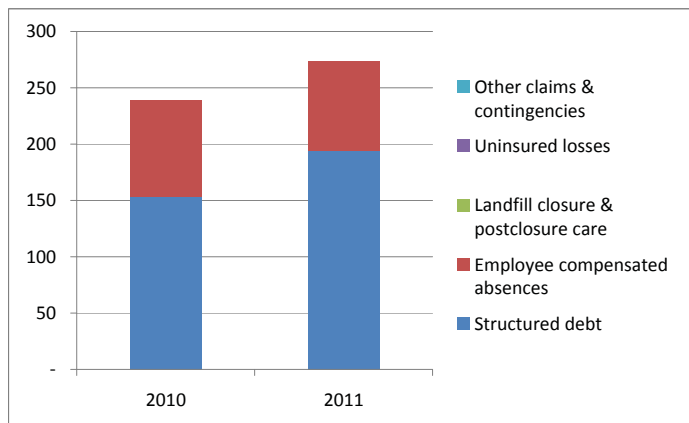
2. Retiree Health care funding status



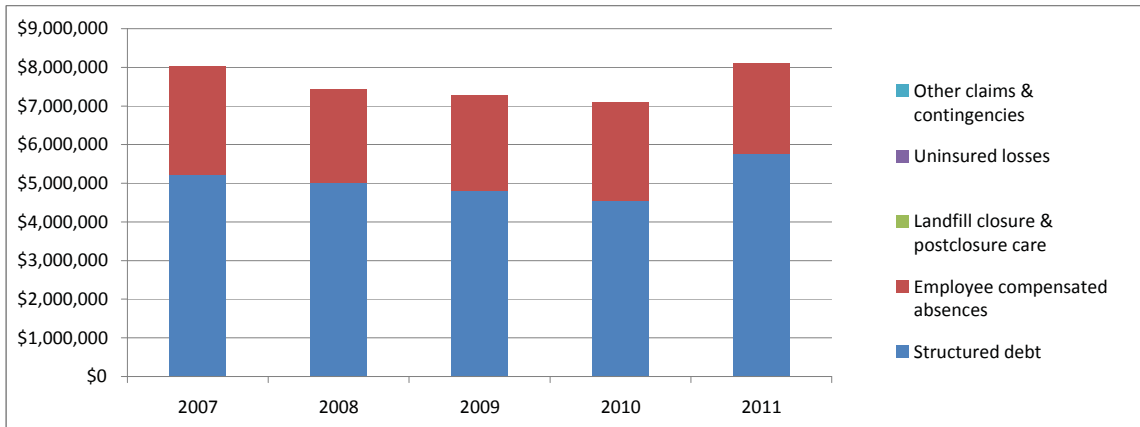
3. Percent funded - compared to the prior year



4. Debt & other long term obligations per capita - compared to the prior year



5. Long Term Debt obligations:



For the fiscal year ended June 30, 2011 the City's annual pension cost was \$2.5 million excluding contributions for other post employment retirement benefits (OPEB) and administrative expenses. The City annually contributes the required annual contribution to the pension plans. In 2006 the City also established two health care savings trusts in order to save for future retiree health insurance. Although the City is not required to continue these contributions to the Trust, the City has made the recommended contribution for the past five years, and as of June 30, 2011 the Health Care Trust's assets supported 24.8% of the actuarial liability.

At June 30, 2011 the City's long term debt consisted of vested benefits of employees and the repayment of the 2003 bond issue for the fire stations construction project.

Cooperation, Collaboration and Consolidation Plan Summary

		<u>Date Started</u>	<u>Savings Generated/Cost Recovered Revenue</u>
1	Election coordination	2005	\$ 10,000
2	Election Coordination for Madison Schools	2005	100
3	Election Ballot Layout & Programming Services	2007	10,000
4	Election canvassing	2007	*
5	Qualified Voter File	2009	*
6	Group Purchasing		150,000
	a Michigan Intergovernmental Trade Network	1996	
	b State Purchasing Cooperative - Mi Deal	1995	
	c Oakland County Purchasing Cooperative	1994	
	d Macomb County Purchasing Cooperative	1998	
7	Municipal Employee Retirement Authority (MERS) Pension	1956	171,000
8	Property Tax Collections	1972	335,000
9	Delinquent Property Tax Collection	1988	26,000
10	Michigan Municipal Risk Management Authority (MMRMA))	1986	238,000
11	Assessing & Tax Application Software	2009	*
12	Property Assessing	2010	254,000
13	Shared Internet and Email Services	2001	4,000
14	Intra-City Fiber Optic Network	1998	10,000
15	Inter-City Fiber Optic Network	2001	*
16	Wireless Oakland	2006	*
17	Oakland County Narcotics Enforcement Team (NET)	1971	106,000
18	Southeast Michigan Police Canine Training Group	1976	1,000
19	Oakland County Auto Theft (OCAT)	1987	106,000
20	City School Liaison Officer	1987	*
21	School Crossing Guards	1988	*
22	Court & Law Enforcement Management Information System (CLEMIS)	1982	16,000
23	OakVideo Arraignments	2004	7,000
24	Live Scan Fingerprint Imaging	1995	5,000
25	Live Animal Disposal	1996	200
26	Operation Nighthawk	1999	*
27	Southeast Oakland Special Weapons and Tactics Team (SWAT)	2003	106,000
28	Gun Range Hosting	2006	1,000
29	Armored SWAT Vehicle	2008	600,000
30	Justice Assistance Grant Program	2009	41,000
31	OakWin 800 Megahertz (MHz) Radio System	2009	*
32	Animal Control Services	2010	20,000
33	Southeast Oakland Fire Protection Agreement (OAKWAY)	1955	*
34	Joint Fire Investigation Team	1987	*
35	American Heart Association Training Center	2000	*
36	Southeast Oakland Automatic Mutual Aid	2007	41,000
37	Oakland County Mutual Aid Association	2008	41,000
38	Michigan Emergency Management Assistance Compact (MEMAC)	2011	*
39	Oakland County Medical Control Authority	2008	2,000

* Collaboration results in enhanced efficiency, services, capabilities, training or programming

Cooperation, Collaboration and Consolidation Plan Summary

		<u>Date Started</u>	<u>Savings Generated/Cost Recovered Revenue</u>
40	Severe Weather Warning System	2008	6,000
41	Regional Alliance for Firefighter Training (RAFT)	2008	*
42	Community Development Block Grant (CDBG) Program	1983	108,000
43	Joint Geographic Information System Data Collection	2000	50,000
44	Joint Utility Data Creation and Maintenance	2000	*
45	Rodent Abatement Group	2007	*
46	Damage Assessment Mutual Aid	2009	*
47	The Library Network (TLN)	1977	*
48	Midwest Collaborative for Library Services	2003	100
49	Southeast Michigan Regional Energy Office (SEMREO)	2009	300,000
50	Traffic Signal Maintenance - Oakland County	1972	65,000
51	Traffic Signal Maintenance - Macomb County	1979	8,000
52	Shared Salt Utilization	1975	9,000
53	Tri-Party Road Construction	1980	130,000
54	Winter Road Maintenance - Oakland County Roads	1980	33,000
55	Summer Road Maintenance - Oakland County Roads	1988	9,000
56	Winter Road Maintenance - Macomb County Road	1980	22,000
57	Joint Road Evaluation	2004	200
58	Southeastern Oakland County Public Works Mutual Aid Authority	1987	*
59	Southeastern Oakland County Resource Recovery Authority (SOCRRA) Host Community Services	2002	10,000
60	Meeting Rooms in City Buildings Available to Groups	1970	*
61	Shared Recreation Facilities	1975	\$41,000
62	Special Events Mobile Units	1982	\$1,000
63	Youth Sports Team Sponsors	1985	\$3,700
64	Adult Recreation Programming	2002	*
65	Youth Soccer Complex Operation	2007	\$43,000
66	Youth Soccer Complex Maintenance	2011	\$17,000
67	Senior Transportation	1982	\$74,000
68	Senior Nutrition Program	2008	*
69	Senior Home Assistance Repair Program (SHARP)	2009	\$2,000
70	George W. Kuhn Drain District Storm Water Management	1955	\$177,000
71	Detroit Water and Sewage Department Water Supply	1956	\$67,000
72	North-Arm Drain Flood Relief	1998	*
73	George W. Kuhn Drain District Host Community Services	2002	\$12,000
74	West Nile Virus Abatement	2006	\$11,000
75	Clinton River Watershed Public Information	2012	*
76	Vehicle Repair	2011	\$3,000
	Total Savings or Cost Recovery		\$ 3,477,300
	Proposed Service Sharing Venture		
77	Nature Center at George W. Suarez Friendship Woods	2011	\$248,000

* Collaboration results in enhanced efficiency, services, capabilities, training or programming

Service Sharing and Consolidation Requirements

The City of Madison Heights has worked hard to develop a wide-range of meaningful long-term partnerships. These include agreements with neighboring communities such as the Cities of Royal Oak, Ferndale, Hazel Park, Clawson and Troy; Royal Oak, Lamphere and Madison School Districts; Oakland County, the Road Commissions for Oakland and Macomb Counties, Southeast Michigan Council of Governments (SEMCOG), Oakland County Water Resource Commissioner (OCWRC), George W. Kuhn Drain District and Oakland County Parks and Recreation and many other groups. The City currently participates in over 75 partnerships.

Existing Partnerships

Elections

1. Election Coordination

Annual Savings \$10,000

The City Clerk's Department has election coordination agreements with Oakland County and the Lamphere, Madison and Royal Oak school districts to support and conduct the annual school district elections. These agreements are renewable every two years.

2. Election Coordination for Madison Schools

Annual Savings \$100

In January of 2011, the City entered into an agreement with Madison District Public Schools to provide election coordination services for the school elections. Under this agreement, the City Clerk will serve as the "Election Coordinator" for the Madison District Public Schools and will be responsible for the following key duties:

1. Receiving all filing fees for nominating positions.
2. Receiving all ballot language.
3. Certifying candidates.
4. Receiving notices of withdrawals of candidates.
5. Ballot setup, layout, proofing, printing and ordering of ballots.
6. Providing election day support activities.
7. Presenting election results to the Oakland County Board of Canvassers.

3. Ballot Layout and Programming Services

Annual Savings \$10,000

On December 13, 2010, the City entered into an agreement with the County to provide ballot layout and programming services to the City for a three-year period.

4. Canvassing

Efficiency Improvement

In the fall of 2007, the City entered into an interlocal agreement with Oakland County to provide the canvassing of local elections.

5. Qualified Voter File

Enhanced Efficiency

The Qualified Voter File (QVF) was set up by the State of Michigan for the use of local governments in supporting the election process. The QVF provides: voter registration file management functions; support for the administration of the absentee voter ballots; support for petitions and candidate tracking; support for the appointment, training, assignment and compensation of election inspectors; and election planning and management tasks. The current QVF user agreement went into effect on May 8, 2009.

General Administration/Purchasing

6. Group Purchasing

Annual Savings \$150,000

Madison Heights has collaborated with the Michigan Intergovernmental Trade Network (MITN), which is a group of agencies, mostly local governments, that joined forces to create a regional bid cooperative to notify companies of new bid opportunities. This system reduces the cost for both the City and its vendors by lowering the cost of advertising and bringing more competition to the process. All bid information is offered to vendors at no cost. The City also participates in the State of Michigan, Oakland County and Macomb County Cooperative bid programs.

Finance/Assessing

7. Municipal Employee Retirement System (MERS) Pension

Annual Savings \$171,000

The City of Madison Heights joined MERS in 1956. The City benefits from pooling of investments to achieve lower investment costs, a professionally trained board of directors and the ability to invest in vehicles that would not be open to smaller city stand-alone plans.

More directly, if the City administered its own plan, it would need to add an additional one to two employees just to address pension and retirement benefit issues. The staff would also need to support monthly pension board meetings which take substantial staff time to support.

8. Property Tax Collection

Annual Savings \$335,000

The Treasury Office of the Finance Department collects taxes for other entities including the Lamphere, Madison, and Royal Oak School Districts, Oakland County, Oakland County Intermediate School District, Oakland Community College, Huron-Clinton Metro Park Authority, State of Michigan (K-12 Education Supplement) and Zoo Authority. The City set both Taxable and State Equalized Values for all real and personal property that these governments use to levy property tax revenues. The City is reimbursed one percent of the taxes (maximum allowed under State Law) for this service.

9. Delinquent Property Tax Collection

Annual Savings \$26,000

The Treasury Office also utilizes the County Treasury Department for collection of delinquent personal property taxes and their treasury-related computer software system.

10. Michigan Municipal Risk Management Authority

Annual Savings \$238,000

The City has coordinated efforts with a governmental pool in order to save money on insurance premiums. The City was one of the first members to participate in the liability insurance pool offered through the Michigan Municipal Risk Management Authority (MMRMA).

11. Assessing and Tax Application Software

Enhanced Efficiency

Oakland County makes its mainframe assessing and tax system applications available to local governments in their County. The application integrated with additional on-line services such as geographic information systems, payment of local taxes, sketching, online personal property tax statements and others. Oakland County funded the initial capital to implement the applications, and ongoing software support maintenance costs are allocated to participating agencies on an annual basis.

The County-hosted solution is a cost effective opportunity. The County was able to reduce the license cost for local government by two cents per parcel annually with a master purchase agreement it had negotiated. Further, all system administration duties are performed by the County, thereby saving each local government staff time and related costs. The County also hosts a website for users. A less tangible but important benefit is that the cumulative database provides the participating local governments with a larger pool of assessing data to review, compare with and report on.

12. Property Assessing

Annual Savings \$254,000

In an effort to meet the considerable financial challenge, the City developed a proposal provided to the Council in November of 2009 to contract assessing services and consolidate the Finance/Treasury Department and Assessing Office. Under this agreement, Oakland County would perform most of our current assessing services, with the City retaining the Assessing Clerk who would be transferred to the Finance Department and work with the other department members to provide a continuing local presence to answer basic assessing questions and process assessing and tax related documents. The Departments' staff and physical location of the Finance/Treasury Department and Assessor's Office were combined to provide improved coverage and service to visitors to City Hall and allow opportunities for increased staff cross-training. This consolidation resulted in the elimination through retirement incentives or layoffs of five full-time positions and one part-time position (Assessor and Property Appraiser from Assessing, Fiscal Assistant II and Deputy Finance Director from Finance, and Office Assistant II from City Clerk's Office).

The City Attorney's Office continues to provide legal support for all Michigan Tax Tribunal cases.

The Madison Heights local Tax Board of Review continues to be conducted in City Hall with no reduction in available appointments to property owners wishing to appeal their valuations. The existing members of the Tax Board of Review continue to be appointed by the City Council and serve at their pleasure.

Currently, Oakland County Equalization Division services 35 cities and townships with assessing services. The County has quoted a price of \$14.90 per real property account and \$12.40 per personal property account for an estimated total cost of \$193,477. As requested by the City, the County provided a three-year term on this agreement.

The implementation of this consolidation is projected to save the City \$275,606 in FY 2010-11 and more than \$1.0 million over the next four years.

Information Technology

13. Shared Internet and Email Services

Annual Savings \$4,000

In 2001, the City entered into an arrangement with Oakland County to provide Internet and email services. The system is designed to lessen the burden of mail administrative tasks and ease concerns about uptime and virus protection. The mail server is a proprietary Unix system, which means it is inherently very difficult to "hack" and not vulnerable to cyber attacks. The system has an on-line redundant hard drive in case of an individual hard drive failure, and the entire system is backed up nightly just in case there is a catastrophic failure. Each night the system checks for new virus detection patches and applies it automatically if one is found. This ensures the latest level of virus protection is installed each day. When a virus is detected, the system will first try to clean it. If it is uncleanable, the file will be deleted and a message will be sent to notify the sender and the intended receiver.

14. Intra-City Fiber Optic Network**Annual Savings \$10,000**

The City of Madison Heights and the Lamphere School District built a joint fiber optic network in the mid-90s.

15. Inter-City Fiber Optic Network**Efficiency Improvement**

Participation in the County-installed fiber optic network allows for total connectivity between all 61 Oakland County municipalities (cities, villages & townships).

16. Wireless Oakland**Enhanced Efficiencies**

On January 23, 2006, the City approved a Wireless Oakland agreement between Oakland County and the City of Madison Heights. The Wireless Oakland Initiative has the following three goals: (1) Blanket the County with wireless services; (2) Address the County's "digital-divide" by providing low-cost or no-cost personal computers and logical training to underserved population groups; and (3) Develop a Telecommunication and Technology Planning Toolkit to support continued high-tech investments in local government and promote integration of those investments with local community character and quality of life. Citizens, business entities, and governmental entities will all benefit from this wireless Internet service. The citizens of the County will be more prepared to fill high-tech jobs; business entities will be better prepared to compete in a global market; and governmental entities, including Oakland County and the City, will realize increased efficiencies when providing services to their citizens. Although this agreement is still in place, the project is on hold due to the private sector partner issues.

Police**17. Oakland County Narcotics Enforcement Team (NET)****Annual Savings \$106,000**

The Police Department participates in a number of cooperative efforts with other law enforcement agencies. An officer is assigned to the Oakland County Narcotics Enforcement Team (NET) whose primary responsibility is to reduce controlled substance trafficking in Oakland County. NET conducts investigations leading to identification, apprehension and prosecution of controlled substance law violators primarily through undercover investigations.

18. Southeast Michigan Police Canine Training Group**Annual Savings \$1,000**

The Police Department's Canine (K-9) team cooperatively trains with other area K-9 units on a weekly basis. The Department of Public Service built a K-9 training area on city property to be used by the area K-9 teams during their weekly training sessions. In addition, the Police Department K-9 team assists area schools and other police jurisdictions with K-9 Drug Sweeps at local schools, when requested.

19. Oakland County Curtail Auto Theft**Annual Savings \$106,000**

While not currently assigning an officer to the Auto Theft Unit due to personnel staffing issues, the Police Department does provide office space in the police station basement for the offices for the Oakland Curtail Auto Theft (OCAT) Unit and an officer from Wayne County Sheriff who coordinates with OCAT.

20. City School Liaison Officer**Enhanced Services**

The Police Department's Youth Officer position was created in 1987. This position has been used to provide drug prevention education, school presentations and support of community events. Over time, this position has evolved to handle juvenile cases, meetings with school representatives and coordinating with the City's two high schools to both prevent and address crime-related issues.

21. School Crossing Guards**Enhanced Services**

The City's Youth Officer coordinates the Crossing Guard program which was initiated in 1988. The City employs 17 part-time Crossing Guards to safely provide supervised crossing at major roads for students' trips to and from school.

22. Court & Law Enforcement Management Information System**Annual Savings \$16,000**

The Police Department is involved in a major data and information sharing cooperative effort with Oakland County CLEMIS (Courts & Law Enforcement Management Information System) including services like Records Management, Mugshot Imaging, Fingerprint recording also known as LiveScan or AFIS, Field Based Reporting, Crime View or crime mapping and Video Arraignment.

23. OakVideo Arraignments**Annual Savings \$7,000**

The Oakland County video arraignment project, called OakVideo, is a unique system compared to anything currently in use today. A project of Courts and Law Enforcement Management Information Systems, it uses video conferencing equipment to connect district and circuit courts, the prosecutor's office, jail booking facilities, law enforcement agencies and community corrections. The OakVideo system also provides access to documents critical to each case.

Video communication allows for a substantial reduction in time and money associated with transporting prisoners to and from court for arraignments. The effect, among other benefits, is to minimize offender transport, thereby improving court security and mitigating law enforcement costs.

24. Live Scan Fingerprint Imaging**Annual Savings \$5,000**

The Live Scan program is a partnership between Oakland County and the City of Madison Heights which started in 1997. The County provided the Live Scan equipment, specifically the hand scanner system, for use by the City. In an effort to reduce costs, the County has negotiated and executed a single software license agreement. A contractor provides maintenance services for the Live Scan equipment. The City submits fingerprint information from individuals arrested into Live Scan, which is in turn submitted to the State of Michigan and stored for the purpose of investigation of criminal activity.

25. Live Animal Disposal**Annual Savings \$200**

On September 12, 2011, the Madison Heights City Council approved an extension to an existing agreement between the City and Oakland County for animal care services from their Oakland Pet Adoption Center located in Auburn Hills. The renewal agreement is for a period from July 1, 2011 through September 30, 2013.

The updated Interlocal Agreement provides for a number of issues for animal care services, including providing humane care, food, water and shelter for stray domestic and wildlife animals that are captured in Madison Heights and subsequently transported to the Oakland County Center. Madison Heights only uses the live animal disposal portion of this agreement. In 2010, Madison Heights disposed of 29 animals at \$26 each, resulting in a fee of \$754.

26. Operation Nighthawk**Crime Prevention**

The Police Department annually assists the Oakland County Probation Department with their Operation Nighthawk. This annual inspection involves home visits to area probationers to check on their behavior and monitoring their probationary requirements. This effort is currently on hold due to overtime budget constraints.

27. Southeast Oakland Special Weapons and Tactics Team **Annual Savings \$106,000**

The Madison Heights Police Department has two officers assigned to the four-city (Berkley, Ferndale, Royal Oak and Madison Heights) cooperative Special Weapons and Tactics Team or Southeast Oakland SWAT. By combining the resources of multiple agencies, a high-quality unit capable of addressing critical incidents can exist without draining the resources of any single jurisdiction involved.

28. Gun Range Hosting **Annual Revenue \$1,000**

The City of Clawson, the U.S. Marshals and the U.S. Marshals Court Service use the Police Station gun range (several times a year) to meet officer qualification standards and in some cases recertify.

29. Armored SWAT Vehicle **One-time Savings \$600,000**

On May 20, 2008, an interlocal agreement with the Cities of Southfield and Warren was approved which allows Madison Heights to make use of the Sergeant 4 X 4 General Purpose Vehicle (GPV) to support a Special Weapons and Tactics (SWAT) team response in our City. The GPV vehicle costing \$600,000 was acquired through an Urban Area Security Initiative grant from the Office of Homeland Security. When the vehicle is used by the City, we would be responsible for fuel, repairs, and insurance; and after five years a share of the overall maintenance.

30. Justice Assistance Grant Program **One-time Savings \$41,000**

The American Recovery Reinvestment Act of 2009 provided funding to the U.S. Department of Justice to support and assist State, local and tribal law enforcement through grant funding called the Justice Assistance Grant (JAG) Program. In Michigan, 60% of the Federal funding goes to the State of Michigan and local criminal justice agencies by a competitive grant process. The remaining 40% of the funding is specifically designated for local units of government. In Oakland County, this amounted to \$2.0 million, and the allocation for Madison Heights was \$41,000. Oakland County acts as the grant applicant administrator and fiscal agent and takes a 3% administrative fee for the duty and responsibility. The JAG program requires no local funding match and only requires reporting requirements for the Federal grant funding, and each agency retains ownership of equipment purchased during the duration of the grant period which ends in June of 2013. The majority of the grant in Madison Heights was applied to the Police Department's E-911 call taking equipment replacement that took place in March of 2010.

31. OakWin 800 Megahertz (MHz) Radio System **Enhanced Efficiency**

The City's public safety communication system consists of a base station located in the Police Department, a secondary base station located at the Department of Public Services, 42 mobile units and 50 portable units. In November 1999, the Oakland County Board of Commissioners approved a charge of 57 cents per month per telephone line to financially support the creation of a new 800 Megahertz (MHz) County-wide system.

As part of the City's 2001-02 Goal Plan, staff was directed to coordinate with Oakland County and support their implementation of the new 800 MHz system, including the installation of a new monopole and purchase of local equipment to eliminate radio transmission and reception problems. The system was installed and the City entered into a radio system talk group agreement on January 12, 2009.

32. Animal Control Services **Annual Savings \$20,000**

On June 14, 2010, the Madison Heights City Council approved an Interlocal Shared Services Agreement for animal control services with the City of Hazel Park. The two Cities determined that it would be of mutual benefit to execute an agreement to allow Madison Heights to assist Hazel Park in providing animal

control services within the corporate limits of Hazel Park. The agreed upon annual cost for services provided to Hazel Park was set at \$20,280 for an annual maximum of 480 hours of animal control service and a monthly maximum of 40 hours of animal control service.

Under the agreement, the City of Madison Heights will provide the use of its full-time Animal Control Officer, who is trained and qualified to perform these services, and Hazel Park will pay for a portion of the time she spends in providing services to their community. Services will include duties such as responding to animal complaints, removal and disposal of dead animals, catching and sheltering neglected and dangerous animals, arranging for the adoption of animals, transporting animals that have been picked up to the Hazel Park animal shelter, and humanely disposing of injured and impounded animals.

Fire Services

33. Southeast Oakland Fire Protection Agreement

Enhanced Fire Response

The Fire Department participates in the Oakway Mutual Aid Pact with the Cities of Birmingham, Ferndale, Pontiac, Royal Oak, Southfield, West Bloomfield and Townships of Bloomfield and Waterford. These communities share mutual aid resources for fire, hazardous materials and technical rescue response.

34. Joint Fire Investigation Team

Enhanced Efficiency

In partnership with the City's Fire Marshal, the Oakland County Sheriff Fire Investigation Team is called in to investigate suspicious fires. The City is not charged for this service, but benefits from their greater expertise and success in investigation and prosecution of these crimes. The City saves by not having to utilize the time of the Police Department's Detective Bureau.

35. American Heart Association Training Center

Enhanced Service

Madison Heights runs an American Heart Association Community Training Center in conjunction with Hazel Park.

36. Southeast Oakland Automatic Mutual Aid

Annual Savings \$41,000

For the past eight years, the Fire Department and City Administration has been diligently working with the Cities of Ferndale, Hazel Park, Royal Oak, Pleasant Ridge and Royal Oak Township to provide consolidated fire protection and emergency medical services. This effort has resulted in the communities (minus Royal Oak) implementing an automatic mutual aid for structure fire suppression.

37. Oakland County Mutual Aid Association

Annual Savings \$41,000

On January 28, 2008, the City joined the new Oakland County Mutual Aid Association. The Association has adopted a Mutual Aid Box Alarm System (MABAS) for activating and coordinating mutual aid responses. The MABAS system identifies, in a prearranged process, what outside agencies will be called-in to respond if the need arises for a second, third, fourth or fifth alarm incident. The City will also have access to highly specialized equipment for hazardous materials, technical rescue and communications to augment our existing resources when needed. County-wide and regional multi-jurisdictional, multi-discipline incident management teams have been established to provide assistance with large scale, long term or complex incidents.

38. Michigan Emergency Management Assistance Compact (MEMAC)

Enhanced Capabilities

The Madison Heights Fire Department is a participant in the Mutual Aid Box Alarm System (MABAS), a system for organizing comprehensive and consistent fire department mutual aid across many jurisdictions.

In Michigan, MABAS was first introduced in Oakland County and is growing into a statewide program. Continued membership in MABAS now requires participation in MEMAC. MEMAC is a statewide mutual aid program that not only coordinates the sharing of resources amongst all of the participating fire departments in the State, it also includes other disciplines such as police, public works and emergency medical services. Resource sharing on an interstate basis can be facilitated through this agreement as well. MEMAC is coordinated by the Michigan State Police Emergency Management and Homeland Security Division.

39. Oakland County Medical Control Authority

Annual Savings \$2,000

Additionally, the Madison Heights Fire Department participates in a group purchasing plan that was established by members of the Oakland County Medical Control Authority. Consortium members purchase discounted emergency medical service supplies through internet sales.

40. Severe Weather Warning System

One-time Savings \$6,000

On June 6, 2008, the City entered into an interlocal agreement with Oakland County for a Severe Weather System Siren. The County paid for 25 percent of the cost of a new outdoor warning siren that serves the middle third of the community. Oakland County has assumed responsibility for all future operation and maintenance for this siren and the two additional sirens in the City.

41. Regional Alliance for Firefighter Training

Enhanced Training

In August of 2010, the Madison Heights Fire Department joined the Regional Alliance for Firefighter Training (RAFT), a consortium consisting of 32 fire departments and 2 community colleges. This organization provides firefighter and fire officer training, facilitates the sharing of inter-departmental training via video conferencing and hosts several seminars each year with fire service speakers of national prominence. The Department's training tower and draft pit have been utilized by other communities, reducing their training cost.

Community Development

42. Community Development Block Grant (CDBG) Program

Annual Savings \$108,000

The County of Oakland and the City of Madison Heights have entered into an agreement regarding CDBG. Under Federal regulations, Oakland County is designated as an Urban County entitlement community which allows them to serve as a grantee to subrecipients like the City of Madison Heights. The City's current agreement runs through April 30, 2013. In Madison Heights, block grant funds have been used for Senior Citizen yard service programs (lawn mowing and snow removal), code enforcement, minor home repairs, barrier-free improvements and other similar projects that benefit low- and moderate-income residents.

43. Joint Geographic Information System Data Collection

Annual Savings \$50,000

The City collaborates with Oakland County for Geographic Information System (GIS) data collection and maintenance; this is estimated to save the City approximately \$50,000 per year.

44. Joint Utility Data Creation and Maintenance

Efficiency Improvement

Staff also shares utility data creation and maintenance with the Oakland County Water Resource Commissioner's Office.

45. Rodent Abatement Group**Enhanced Services**

In the fall of 2006, the Cities of Berkley, Ferndale, Hazel Park, Huntington Woods, Madison Heights, Oak Park, Pleasant Ridge and Royal Oak held several meetings to discuss options for addressing the rodent problem in Southeastern Oakland County. The City of Madison Heights took the lead in preparing a Request for Proposal so that a quality vendor could be selected who would be the vendor the cities would refer residents to that were undergoing rodent control problems, thereby providing a timely remedy and reducing the property owners' cost. The cooperative pilot program has run successfully for five years with communities renewing on a year to year basis.

46. Damage Assessment Mutual Aid**Enhanced Capabilities**

Damage assessment is the evaluation of buildings and structures to determine the nature and extent of damage and the cost of repairs that are the result of a disaster or emergency. It is a key component of the information required to be provided to Oakland County, the State of Michigan, and the Federal Government in order to receive State or Federal aid. This information must be provided quickly, usually within 48 hours.

The Oakland County Building Officials Association Damage Assessment Mutual Aid Agreement is an agreement between communities in Oakland County. This agreement will allow a community to give or receive help for Damage Assessment Services from other communities during a disaster emergency. The help would come from inspectors who would evaluate the nature and extent of damage to buildings and structures resulting from a disaster or emergency. Depending on the size of the disaster, a community could either be in need of help, or be providing help to another community. Madison Heights entered into the agreement on May 9, 2009.

Library**47. The Library Network (TLN)****Enhanced Services**

TLN benefits the community in various ways, from the reciprocity that allows a resident of one participating community library to borrow a book at another or to have a book sent to the local library through interlibrary loan; the ability to search the holdings of participating libraries; and use of shared technology, book and discounted pricing on other items. The cooperative effort takes many forms, and while each community does have to support its own library to participate, it addresses the fact that not every library can supply everything, and avoids some duplication of effort.

48. Midwest Collaborative for Library Services**Annual Savings \$100**

The City participates in the Midwest Collaborative for Library Services (joint purchasings), Michigan Library Association and American Library Associations.

Department of Public Service - Municipal Buildings**49. Southeast Michigan Regional Energy Office (SEMREO)****Energy Savings \$300,000**

The Michigan Municipal League, Michigan Suburbs Alliance, Southeast Michigan Council of Governments (SEMCOG) and WARM Training Center have partnered to create the SEMREO, which is a collaborative coalition focused on educating, enabling and promoting energy efficiency and conservation among local governments in the region. The SEMREO service area is the same geographic footprint as the SEMCOG's service area. The primary services offered by the SEMREO will include benchmarking, auditing, sustainability planning, evaluating & reporting, advocacy, education & training, marketing, grant research & writing, technical assistance, joint purchasing and loans for energy projects. Today, working with the support of SEMREO, the City has received three energy grants for building improvements totalling in excess of \$350,000. See the Capital Improvement Plan chapter for more details.

Department of Public Services - Road Maintenance and Construction

50. Traffic Signal Maintenance - Oakland County **Annual Savings \$65,000**

Madison Heights receives traffic signal maintenance services from the City of Royal Oak for the Campbell Road signals, and from the Road Commission of Oakland County for other major road signals.

51. Traffic Signal Maintenance - Macomb County **Annual Savings \$8,000**

Madison Heights receives traffic signal maintenance services from the Road Commission of Macomb County for Dequindre Road.

52. Shared Salt Utilization **Annual Savings \$9,000**

For decades, the Lamphere and Madison School Districts have purchased bulk salt from the City for snow and ice control on school parking lots and sidewalks. City crews assist by loading the salt into the school district vehicles and the City bills the respective districts at the end of each season based on the tons purchased and the City's contract bulk rate for salt.

The district may pick up salt only during regular business hours or during a City snow event so that no City overtime expense is incurred for loading salt for the schools. This agreement has been beneficial for both parties, as the school districts have been able to avoid the expense of salt storage and the City has been saved from potential environmental liability associated with multiple salt storage facilities affecting the storm water system, which is regulated by the State. Over the 2010-11 Winter Season, the Lamphere and Madison School Districts purchased 152 and 27 tons of salt respectively. In 2011-12, the respective purchases were 53 and 43 tons.

53. Tri-Party Road Construction **Annual Savings \$130,000**

The Road Commission for Oakland County and Oakland County offered to cities with County road rights-of-way an opportunity to partner in funding road construction on Road Commission road projects. The Oakland County Board of Commissioners has approved a Tri-Party budget of \$1.0 million, which if matched by the Road Commission and the communities, grossed \$3.0 million.

For cities and villages, the distribution formula includes the Road Commission road miles and three-year annual accident history. These funds have been used to address deteriorating roads in Madison Heights including 14 Mile, 12 Mile, 10 Mile and John R from 14 Mile to the Red Run Drain.

54. Winter Road Maintenance - Oakland County Roads **Annual Savings \$33,000**

The City benefits from collaborating with Road Commission for Oakland County (RCOC) on a winter maintenance agreement where the City is paid to maintain RCOC roads in Madison Heights.

55. Summer Road Maintenance - Oakland County Roads **Annual Savings \$9,000**

The City also benefits from collaborating with Road Commission for Oakland County (RCOC) on a summer maintenance agreement where the City is paid to maintain RCOC roads in Madison Heights.

56. Winter Road Maintenance - Macomb County Roads **Annual Savings \$22,000**

The City benefits from collaborating with the Macomb County Road Commission on a winter maintenance agreement where the City is paid to maintain Commision roads in Madison Heights.

57. Joint Road Evaluation**Annual Savings \$200**

The Michigan Department of Transportation, SEMCOG and Road Commission for Oakland County (RCOC) partner with the City for an annual Pavement Surface Evaluation and Rating (PASER) road condition assessment.

Department of Public Service - Solid Waste Division**58. Southeastern Oakland County Public Works Mutual Aid Authority and Association****Enhanced Capabilities**

On June 26, 1987, the City entered into an agreement to join the Southeastern Oakland County Public Works Mutual Aid Authority. The Authority is made up of Royal Oak, Birmingham, Clawson, Berkley, Huntington Woods, Pleasant Ridge and Madison Heights. Under the agreement, communities can request assistance in the case of emergency for personnel, materials and equipment. Authority/Association members also meet monthly to discuss public works topics of mutual interest.

59. Southeastern Oakland County Resource Recovery Authority (SOCRRA)**Host Community Services****Annual Revenue \$10,000**

On February 13, 2002, SOCRRA and the City of Madison Heights entered into a Host Community Fee Agreement. For a 25 year period from 1976 through 2000, SOCRRA paid the City \$10,000 per year to provide Police, Fire and other municipal services in lieu of property tax payments. Under the 2002 agreement, SOCRRA compensates the City a base amount of \$5,000 per year increased by an inflationary index for the first 10 years and then \$10,000 per year starting on September 1, 2011, also increased by an inflationary index. Two key provisions of the Agreement include: (1) In the event that SOCRRA proposes any improvements, expansions or changes in the use of their facility in the City, SOCRRA agrees to submit to and abide by the City's standard review/approval procedures and requirements; and (2) This Agreement was contingent upon SOCRRA selling approximately 15 acres of property to the George W. Kuhn Drainage District, which had been leased to Oakland County Parks and Recreation Commission and developed as part of the Red Oaks Golf Course for the past twenty-five years.

Department of Public Service - Recreation Division**60. Meeting Rooms in City Buildings Available to Groups****Enhanced Programming**

To service the needs of local civic and service groups, the City allows these organizations to use rooms in the Library, City Hall, Headquarters Fire Station and Civic Center Park Shelter Building for their meetings free of charge.

61. Shared Recreation Facilities**Annual Savings \$41,000**

Lamphere and Madison Public School Districts provide gyms and ball fields for City recreation sports programs.

62. Special Events Mobile Units**Annual Savings \$1,000**

Oakland County Parks and Recreation Commission provides the use of six free special event mobile recreation units per year, such as show mobiles, puppet shows and climbing walls. The City also works closely with the Commission in supporting a junior golf league and provides newsletter advertising to the County in exchange for additional mobile recreation unit visits.

63. Youth Sports Team Sponsors**Annual Savings \$3,700**

Local businesses provide funding to sponsor youth sports leagues, as well as financially supporting the annual fireworks display.

64. Adult Recreation Programming**Enhanced Programming**

Royal Oak and Clawson Recreation Departments do joint programming for adult recreation programs including water aerobics, yoga, ballroom dance, etc. with Madison Heights.

Department of Public Service - Parks Maintenance**65. Youth Soccer Complex Operation****Annual Savings \$43,000**

George W. Kuhn Drainage District has constructed a soccer complex on their property which will be operated and maintained by the City as part of a twenty-five year agreement.

66. Youth Soccer Complex Maintenance**Annual Savings \$17,000**

On January 24, 2011, the City entered into a Grounds Maintenance Agreement with the Oakland County Parks and Recreation Commission. Under this agreement, the City and County Parks and Recreation shared responsibilities for providing lawn, sod, fertilization and weed control services, as well as snow and ice control on the parking lot and sidewalks.

Department of Public Services - Senior Citizens**67. Senior Transportation****Annual Revenue \$74,000**

Suburban Mobility Authority for Regional Transportation provides transportation funding for the senior bus program as well as reduced cost handicapped accessible bus.

68. Senior Nutrition Program**Enhanced Services**

Oakland County Mobile Meals provides a State funded nutrition site at the Senior Center, as well as home bound meal delivery.

69. Senior Home Assistance Repair Program (SHARP)**Annual Savings \$2,000**

Senior Home Assistance Repair Program (SHARP) provides minor home repairs for Senior Citizens and physically challenged in Madison Heights. SHARP is operated through a partnership with the North Woodward Community Foundation.

Department of Public Service - Water and Sewer Operation**70. George W. Kuhn Drain District Storm Water Management****Annual Savings \$177,000**

The Southeastern Oakland County Sewage Disposal Authority (also referred to as the Twelve Towns Drain District) was established in 1942 to address flooding problems in this region. The Twelve Towns Drain District includes the cities of Berkely, Birmingham, Clawson, Ferndale, Hazel Park, Huntington Woods, Madison Heights, Oak Park, Pleasant Ridge, Royal Oak, Southfield, Troy, Royal Oak Township and the Village of Beverly Hills. The Authority provides sewage treatment service for Madison Heights.

In 1972, the Twelve Towns Drain District completed construction in Madison Heights of a Retention Treatment Facility (RTF), a 20 foot high by 65 foot wide structure in the bed of the former Red Run Drain. This RTF runs 2.2 miles from Twelve Mile and Stephenson Highway in a northeastern direction to Dequindre Road south of Whitcomb where it empties into the Red Run Drain.

During rain events, the RTF receives a combination of storm and sanitary flows from the 14 communities that make up the District. The RTF captures this storm water and sanitary sewage and drains gradually into the Dequindre Sewer Interceptor where flows travel south to the Detroit Water and Sewage Board Treatment Plant. In heavy storms, after retaining 35 million gallons of combined sewage, the basin overflows into the Red Run Drain, in Warren, after receiving primary treatment including skimming and chlorination.

In March 1999, the Oakland County Water Resource Commissioner accepted a construction petition from the Twelve Towns Communities and established a new drain district named the George W. Kuhn Drain District (GWKDD). The three major components of this construction project included Contract #1, construction of the 10-foot parallel storm sewers north and south of the existing RTF, including the disconnect of the existing Madison Heights storm sewers and rerouting of two combined sewer interceptor; Contract #2, construction of a new Ten Mile Road interceptor in Hazel Park; and Contract #4, construction of a new inlet weir just east of Interstate Freeway 75 (I-75) and south of the City's Department of Public Service Building. The project was constructed on property owned by the GWKDD and the City. Contracts #1 and #2 were initiated in the fall of 2000 and were completed in 2002.

71. Detroit Water and Sewage Department Water Supply

Annual Savings \$67,000

For water distribution, the City is a suburban customer within the Detroit Water and Sewerage Department (DWSD) system. In May 2009 the City, working with the DWSD and its Technical Advisory Committee, entered into a new model contract to address concerns about rate volatility, complexity, and fairness. The contract was amended in October of 2010.

72. North-Arm Drain Flood Relief

Enhanced Efficiencies

On June 29, 1999, the Cities of Birmingham, Clawson, Madison Heights, Royal Oak, Southfield, Troy and the Village of Beverly Hills created a drain district for the purpose of making capital improvements to address flooding problems that were occurring in Royal Oak and Birmingham. The construction project to build these drains cost \$17.9 million but has resulted in reduced flooding in the affected areas.

73. George W. Kuhn Drain District (GWKDD) Host Community Services Annual Savings \$12,000

On May 21, 2002, the GWKDD and the City of Madison Heights entered into a host community fee agreement. For a period of 25 years, from 1976 through 2000, SOCRRA leased 15 acres of property to the Oakland County Parks and Recreation Commission for an annual sum of \$7,000 for property that was part of the Red Run Golf Course.

The GWKDD was established to construct a new stormwater retention facility located in the Red Run Drain right-of-way in Madison Heights resulting in the closure of the golf course. Oakland County Parks invested \$3.0 million to restore and upgrade the Red Run Golf Course following the completion of the Drain District project. As part of the Agreement, SOCRRA sold the GWKDD the property used for the Drain District for a total of \$375,000. In addition, the GWKDD agreed to enter into a host community agreement with the City of Madison Heights to provide \$10,000 a year in lieu of property tax payment to compensate the City for delivery of City services to this property. The payment is indexed for inflation and as of 2011 stands at approximately \$12,000 per year.

74. West Nile Virus Abatement

Annual Savings \$11,000

For the past ten years, the City has applied for and received Oakland County grants and training to assist with mosquito larviciding of catch basins and areas of standing water to prevent the spread of West Nile Virus.

75. Clinton River Watershed Public Information

Enhanced Services

The City has partnered with Macomb County Department of Public Works and communities in the Red Run Subwatershed of the Clinton River Watershed toward a joint effort for ongoing compliance with the approved National Pollution Discharge Elimination System Storm Water Permit requirements.

Department of Public Service - Motor Pool

76. Vehicle Repair

Annual Savings \$3,000

Beginning in April 2011, the City engaged the City of Troy to perform repair work on Madison Heights municipal vehicles during periods of high demand and as a slightly less expensive alternative to the current private companies used for outside labor. Work will include transmission/drive train repair, vehicle refurbishing, alignment and suspension repair, and miscellaneous jobs such as pump and cylinder rebuilds and alternators. The City of Troy Motor Pool is nationally recognized and performs repair work for a number of area municipalities.

Proposed Agreement

77. Nature Center at George W. Suarez Friendship Woods

Annual Savings \$248,000

In October of 2011, the Oakland County Parks and Recreation Commission directed their staff to analyze the possible operation of the Nature Center at Friendship Woods in Madison Heights. The operation of the Madison Heights Nature Center would be part of the County's strategic master plan initiative for urban recreation.

The Park/Nature Center encompasses 35.7 acres. The Nature Center is a 2,400 square-foot building, trails are 1.4 miles and the parking lot is 16,500 square feet. There are ten spaces in the Nature Center parking lot, an additional 16 street parking spaces approximately 550 feet north of the Nature Center off of Hales Road and an additional 50 unpaved spots. Oakland County Parks and Recreation has proposed that under their operation of the Nature Center it would include:

1. Programs which focus on their core services.
2. Hours of programming will be scheduled for four days a week.
3. Facility will be operated by Park Helper position.
4. Oakland County Parks would like to consider a five-year lease with renewal decision after Year 3.
5. Oakland County Parks will be responsible for maintenance and operations of facility and grounds.
6. Oakland County Parks will be responsible for maintenance standards of facility and grounds.
7. There will be additional upfront costs to address health and safety issues (ie, tree removal, trail repair).
8. Madison Heights will pay for annual utilities of the facility. (Projected at approximately \$13,000 for 2012)
9. Madison Heights will allow Oakland County Parks to utilize office supplies/equipment, nature exhibits and small tools.
10. Madison Heights will allow Oakland County Parks to use their fiber-optic line to the building for information technology purposes.

The Oakland County Parks and Recreation Commission has asked their staff to include this project as part of their master plan and report back to the Commission in May of 2012, with formal approval scheduled for September 2012.

Employee Compensation Plan Requirement

Listed below is the City of Madison Heights Employee Compensation Plan prepared in accordance with the State's Economic Vitality Incentive Program (EVIP) Public Act 63 of 2011, section 951 (3)(c)(i) to (iv) and submitted to the Michigan Department of Treasury.

As of July 1, 2011, 148 of 155 full-time City employees, or 95%, belong to one of eight bargaining units. The remaining seven positions are considered non-union. The unions can be divided into two groups, sworn and non-sworn, based on their treatment under state labor law. Public safety (Police and Fire) sworn employees have been granted the rights to binding arbitration by the State under Public Act 312 of 1969.

The current bargaining units include:

Sworn Employee Unions

1. Madison Heights Police Officers Union
2. Madison Heights Police Command Officers - Police Officers Labor Council
3. Madison Heights Fire Fighters Association

Non-Sworn Unions

4. Supervisors and Assistants Union – American Federation of State, County and Municipal Employees (AFSCME) Council 25 Local 1917.33
5. Departments Heads Union – AFSCME Council 25 Local 1917.34
6. Municipal Employees Unions – Technical, Professional and Officeworkers Association of Michigan (TPOAM)
7. Department of Public Service Field Workers – TPOAM
8. Madison Heights Court Clerks Association

All the above listed bargaining units have labor agreements in place through June 30, 2013. Many of these contracts have provisions that meet or exceed the State's EVIP requirements. In areas where the requirements are not met, the City plans to achieve compliance as noted below.

(i) Employer Retirement Plan Contribution Requirement:

New hires who are eligible for retirement plans are placed on retirement plans that cap annual employer contributions at 10% of base salary for employees who are eligible for social security benefits. For employees who are not eligible for social security benefits, the annual employer contribution is capped at 16.2% of base salary.

- **Status:** All new hires are eligible for social security benefits. Beginning with employees hired after July 1, 2005 for the Department of Public Services and Court and July 1, 2008 for all other non-sworn groups, all new hires are covered under a defined contribution pension program as defined under IRS regulations. The City contributes 7.0% of the employee's base wage into these retirements accounts.
- **Plan:** The City's current benefits for non-sworn new hires comply with the state requirements. Sworn employees remain covered by defined benefit pensions which are discussed in the requirement section below.

(ii) Defined Benefit Pension Multiplier Requirement:

For defined benefit pension plans, a maximum multiplier of 1.5% for all employees who are eligible for social security benefits, except, where postemployment health care is not provided, the maximum multiplier shall be 2.25%. For all employees who are not eligible for social security benefits, a maximum multiplier of 2.25%, except, where postemployment health care is not provided, the maximum multiplier shall be 3.0%.

- **Status:**

- Sworn Employees

Effective with sworn Fire employees hired after July 1, 2009 and with sworn Police employees hired after July 1, 2008, all new hires will have a reduced multiplier of 2.5% and a final average compensation (FAC) calculated on base wages only. In addition, these employees will have a minimum retirement eligibility age of 55 with 25 years of service.

Effective with sworn employees hired after July 1, 2009, no retiree health insurance will be provided. In lieu of health insurance, sworn employees hired after this date shall receive a health care savings plan.

- Non-Sworn Employees

All non-sworn full-time employees are members of the Municipal Employer's Retirement System (MERS). Currently, the labor agreements that cover those in a defined benefit pension plan include a multiplier between 2.0% to 2.5%. The normal age retirement for these employees is 15 years of service and age 55, or 10 years of service and age 60, with the exception of the Madison Heights Court Clerks Association that has a normal age retirement of 25 years of service and age 50.

The City of Madison Heights's non-sworn employees hired after the dates indicated below do not qualify for retiree health insurance and shall only be provided with a health care savings plan:

Department Heads - September 28, 2009
Municipal Employees - May 27, 2009
Supervisors and Assistants - August 24, 2009
Department of Public Services - July 1, 2005
Police Service Assistants - July 1, 2009
Court - May 23, 1999

- **Plan:**

- Sworn Employees

The City of Madison Heights sworn employees are covered under Public Act 345. This Public Act allows the City to levy a millage to support the Police and Fire Pension plan; however, this public act does not allow funding of defined contribution plans. The City plans to request the State to remove this prohibition of defined contribution plans which will allow the City to attempt to negotiate a plan that meets EVIP requirements. The City would intend to attempt negotiating into the new labor agreements starting July 1, 2013 pension multipliers that meet the EVIP requirement, differentiating between those with retiree health insurance and those without retiree health insurance.

- Non-Sworn Employees

When the current labor agreements covering non-sworn employees expire on June 30, 2013, the City intends to attempt to negotiate into their agreements multipliers that meet the EVIP requirement, differentiating between those with retiree health insurance and those without retiree health insurance.

(iii) Defined Benefit Pension Final Average Compensation (FAC) Requirement:

For defined benefit pension plans, final average compensation for all employees is calculated using a minimum of 3 years of compensation and shall not include more than a total of 240 hours of paid leave. Overtime hours shall not be used in computing the final average compensation for an employee.

- **Status:**

- Sworn Employees

Effective with sworn Fire employees hired after July 1, 2009 and with sworn Police employees hired after July 1, 2008, all new hires will have a reduced multiplier of 2.5% and a FAC on base wages only. The FAC is calculated on the highest three years out of the most recent ten years.

For employees hired before the dates indicated above (7/1/2009 for Fire) and (7/1/2008 for Police) FAC includes the following:

Police Employees (Patrol and Command)

- a. Personal Leave - Unused time is not paid (Not included in FAC). Employees earn personal leave at the rate of 1.33 hours for every month actually worked.
- b. Administrative Leave Days - Employees receive 6 administrative leave days per year, at the rate of 15 minutes (.25 hours) for each day worked, or 4 hours for each month. (Not included in FAC)
- c. Vacation Leave - Banked vacation time must be reduced to 200 hours by the last day before their anniversary. Accrued vacation is also paid at time of retirement. (maximum 200 hours included in FAC)
- d. Sick leave - Bank time is paid at employees regular rate of pay but at ½ the hours at retirement. (Annual sick buy back above 384 hours per year is included in FAC, but the hours 384 and under are not included in FAC)
- e. Compensatory Time Off –Banked time shall be paid at retirement (maximum 64 hours included in FAC)

Fire Employees

- a. Personal leave - Unused time is paid on final pay up to amount earned per contract. Employees earn personal leave at the rate of 12 hours for every 3 months actually worked. The 24 hours, allowed as a carryover from the previous fiscal year (if applicable) shall not be bought back, the leave is to be used or lost. (Not included in FAC)
- b. Vacation leave bank must be reduced to 216 hours (24 hour personnel) or 280 hours (8 hour personnel) by the last day before their anniversary. (maximum paid vacation bank to be applied to FAC is the same as above).
- c. Sick leave - Bank time is paid at employees regular rate of pay but at ½ the hours at time of retirement. (Annual sick buy back above 528 hours per year is included in FAC. Banked 528 is not included in FAC)

Non-Sworn Employees

- a. Personal leave - Unused time is paid on final pay up to amount earned per contract. Employees earn personal leave at the rate of 12 hours for every 3 months actually worked. The 24 hours, allowed as a carryover from the previous fiscal year (if applicable) shall not be bought back, it is to be used or lost. (Not included in FAC)
- b. Vacation leave bank must be reduced to 200 hours for 8-hour employees and 187.5 for 7.5 hour employees. Accrued vacation is also paid at the time of retirement up to maximum 5 weeks banked and 5 weeks earned. (Maximum 375 hours for FAC)
- c. Sick leave bank time is paid at employees regular rate of pay but at ½ the hours at time of retirement. No paid sick leave shall be included in FAC either annually or at the time of retirement.
- d. Compensatory Time – varied by Union
 1. Department Heads Union can earn up to 200 hours (maximum 160 included in FAC).
 2. Municipal Employees Union can earn up to 37.5 hours

3. Supervisors Union can earn up to 40 hours for 8-hour employees and 37.5 for 7.5 hour employees
4. Department of Public Services Union can bank up to 40 hours with a maximum of 24 hours earned in one year.
5. Police Service Assistants (Police Officers' Union) can earn up to 64 hours
6. Court Employee Union can earn up to 67.5 hours
(FAC included amounts earned above unless noted)

- **Plan:**

- Sworn Employees

The City of Madison Heights's sworn Police and Fire employees hired after July 1, 2009 the multiplier is reduced to 2.5% and FAC calculation is on base wages only. The City plans to move to a Defined Contribution plan for new hires, as soon as possible, within the constraints of Public Act 345 as discussed above.

The City intends to attempt to negotiate an FAC requirement for employees covered under a defined benefit plan that meets the State's EVIP requirement.

- Non-Sworn Employees

The City of Madison Heights's non-sworn employees hired after the dates indicated below already comply with the State's requirement by moving to the defined contribution plan.

Department Heads - September 28, 2009

Municipal Employees - May 27, 2009

Supervisors and Assistants - August 24, 2009

Department of Public Services - July 1, 2005

Police Services Assistant - July 1, 2009

Court – August 1, 2005

The City intends to attempt to negotiate an FAC requirement for employees covered by a defined benefit plan that meets the State's EVIP requirement.

(iv) Employee Health Care Contribution Requirement:

Health care premium costs for new hires shall include a minimum employee share of 20%; or, an employer's share of the local health care plan costs shall be cost competitive with the new state preferred provider organization health plan on a per employee basis.

- **Status:** Effective with new hires after May 1, 2012, new hires in all the City sworn and non-sworn unions must pay 20% of the health insurance premium.
- **Plan:** The City of Madison Heights non-sworn and sworn employees already comply with the state's requirements.

For more details regarding employee compensation and complete union labor agreements, please visit the city's website at the website below:

http://www.madison-heights.org/departments/human_resources/labor_contracts.jsp

The City of Madison Heights certifies to the Michigan Department of Treasury it has developed an employee compensation plan that the local unit is implementing with any new, modified, or extended contract or employment agreements for employees not covered under contract or employment agreement. This plan is being made available for public viewing on a publicly accessible Internet site.

**Combined Statement of Revenues, Expenditures
and Changes in Fund Balance
All Fund Types
Three Year Comparison
Fiscal Year 2012-13**

	GENERAL FUND			SPECIAL REVENUE/DEBT SERVICE FUNDS *		
	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Actual 2010-11	Estimate 2011-12	Budget 2012-13
REVENUES						
Property Taxes	\$ 17,013,561	\$ 19,901,318	\$ 16,653,593	\$ 2,513,666	\$ 101,300	\$ 2,043,344
Licenses and permits	777,404	611,532	660,075	0	0	0
Intergovernmental	3,038,842	2,288,212	2,794,067	3,896,922	3,861,342	3,230,895
Court fines and fees	1,402,074	2,195,510	1,903,000	0	0	0
Charges for services	202,877	280,328	237,051	0	0	0
Parks and Recreation	202,247	211,824	249,546	0	0	0
Interest and Misc. Revenue	1,479,077	1,410,464	1,390,030	128,267	95,300	72,468
Special assessments	0	0	0	549,684	330,093	325,700
Departmental Charges	1,005,455	988,480	985,435	0	0	0
Transfers from other funds	123,336	128,849	105,742	222,839	2,506,811	2,258,115
TOTAL REVENUES	\$ 25,244,873	\$ 28,016,517	\$ 24,978,539	\$ 7,311,378	\$ 6,894,846	\$ 7,930,522
EXPENDITURES						
General Government	\$ 5,042,224	\$ 5,483,844	\$ 5,952,055	\$ 0	\$ 0	\$ 0
Public Safety	15,602,314	16,153,497	14,566,671	130,084	365,578	180,406
Community Service	2,065,986	2,331,140	1,927,986	0	0	0
Culture and Recreation	1,446,391	1,544,230	1,722,435	49,406	23,659	64,645
Community Development	941,034	958,199	916,892	3,810,258	6,532,219	6,845,964
Community Improvement	0	0	0	1,901,886	2,001,818	1,982,606
Water Division	0	0	0	0	0	0
Sewer Division	0	0	0	0	0	0
W/S Support and Capital Outlay	0	0	0	0	0	0
Transfers out	0	2,460,612	2,169,000	0	0	175,000
Debt Service	0	0	0	413,307	415,687	422,758
TOTAL EXPENDITURES	\$ 25,097,949	\$ 28,931,522	\$ 27,255,039	\$ 6,304,941	\$ 9,338,961	\$ 9,671,379
REVENUES OVER (UNDER) EXPENDITURES	\$ 146,924	\$ (915,005)	\$ (2,276,500)	\$ 1,006,437	\$ (2,444,115)	\$ (1,740,857)
FUND BALANCES, BEGINNING OF YEAR	\$ 5,674,648	\$ 5,821,572	\$ 4,906,567	\$ 6,464,274	\$ 7,470,711	\$ 5,026,596
FUND BALANCES, END OF YEAR	\$ 5,821,572	\$ 4,906,567	\$ 2,630,067	\$ 7,470,711	\$ 5,026,596	\$ 3,285,739

* Special Revenue Funds account for proceeds from revenue sources that are legally restricted for a specific purpose. These include:
Major Street, Local Street, Downtown Development, Police Drug Forfeiture, Housing Commission, Community Development Block Grant,
and Special Assessment Revolving Funds.

Debt Service includes the Fire Stations Bond Fund.

**Combined Statement of Revenues, Expenditures
and Changes in Fund Balance
All Fund Types
Three Year Comparison
Fiscal Year 2012-13**

	WATER AND SEWER FUND			TOTALS Memorandum Only		
	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Actual 2010-11	Estimate 2011-12	Budget 2012-13
REVENUES						
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 19,527,227	\$ 20,002,618	\$ 18,596,937
Licenses and permits	0	0	0	777,404	611,532	660,075
Intergovernmental	0	0	0	6,935,764	6,149,554	6,024,962
Court fines and fees	0	0	0	1,402,074	2,195,510	1,903,000
Charges for services	10,390,993	10,494,836	10,912,602	10,593,870	10,775,164	11,149,653
Parks and Recreation	0	0	0	202,247	211,824	249,546
Interest and Misc. Revenue	29,261	37,000	39,000	1,636,605	1,542,764	1,501,498
Special assessments	0	0	0	549,684	330,093	325,700
Departmental Charges	29,550	27,050	29,550	1,035,005	1,015,530	1,014,985
Transfers from other funds	0	0	0	346,175	2,635,660	1,430,857
TOTAL REVENUES	\$ 10,449,804	\$ 10,558,886	\$ 10,981,152	\$ 43,006,055	\$ 45,470,249	\$ 42,857,213
EXPENDITURES						
General Government	\$ 0	\$ 0	\$ 0	\$ 5,042,224	\$ 5,483,844	\$ 5,912,055
Public Safety	0	0	0	15,732,398	16,519,075	14,747,077
Community Service	0	0	0	2,065,986	2,331,140	1,927,986
Culture and Recreation	0	0	0	1,495,797	1,567,889	1,667,080
Community Development	0	0	0	4,751,292	7,490,418	6,829,856
Community Improvement	0	0	0	1,901,886	2,001,818	1,982,606
Water Division	2,893,000	3,020,810	3,072,731	2,893,000	3,020,810	3,072,731
Sewer Division	4,418,805	4,453,979	4,948,043	4,418,805	4,453,979	4,948,043
W/S Support & Capital Outlay	1,346,764	1,323,241	1,936,489	1,346,764	1,323,241	1,936,489
Transfers Out	0	0	0	0	2,460,612	1,411,000
Debt Service	303,180	1,025,241	1,023,889	716,487	1,440,928	1,446,647
TOTAL EXPENDITURES	\$ 8,961,749	\$ 9,823,271	\$ 10,981,152	\$ 40,364,639	\$ 48,093,754	\$ 45,881,570
REVENUES OVER (UNDER) EXPENDITURES	\$ 1,488,055	\$ 735,615	\$ 0	\$ 2,641,416	\$ (2,623,505)	\$ (3,024,357)
FUND BALANCES, ** BEGINNING OF YEAR	\$ 1,773,118	\$ 3,261,173	\$ 3,996,788	\$ 18,127,836	\$ 16,736,631	\$ 14,336,954
FUND BALANCES, END OF YEAR	\$ 3,261,173	\$ 3,996,788	\$ 3,996,788	\$ 20,769,252	\$ 14,113,126	\$ 11,312,597

** The Water and Sewer Fund Fund Balance (Net Assets) is affected by investment in capital assets and capital contributions which are not shown as part of revenue and expenditures.

MICHIGAN LOCAL GOVERNMENT BENCHMARKING CONSORTIUM

Beginning with FY 2007-08, the City joined as one of the founding members of the Michigan Local Government Benchmarking Consortium (MLGBC). This Consortium was created to produce meaningful and relevant measures for the purpose of benchmarking performance. Performance measures analyzed by the Consortium cover a variety of services provided by local governments. The goal is for the Department Heads to use these measures to identify areas of need to focus on with their employees.

The MLGBC's first service area groups met in August and September 2008, and the first benchmarking report was distributed in September 2009. As of October 2011, 26 local governments participate in the MLGBC. Below is a listing of the latest FY 2009-10 results showing how Madison Heights compares to other local governments across the state in various performance measurements categories.

FY 2009-10

Category	Madison Heights	Consortium Average	Rank *
<i>Emergency Dispatch</i>			
Cost per resident	\$20	\$21	4/7
Cost per call answered	\$9	\$14	1/7
Total Calls Answered per 1,000 Population	2,243	1,538	1/7
Calls received per FTE/telecommunicator	8,988	6,766	2/7
Average Speed of answer for 911	5.0	6.4	2/7
Average Speed of Dispatch	15.0	73.3	1/3
FTE = full-time equivalent employee			
<i>Fire and Emergency Medical Services</i>			
Cost per resident for combined Fire and EMS service	\$185	\$142	8/11
Total Fires per 1,000 population	4.2	6.5	9/13
EMS Calls per 1,000 population	87.9	82.3	11/14
Percent of building fire call response times equal to or less than 5 minutes	93.9%	44.4%	1/14
Percent of EMS call response times where an ALS unit is on scene in less than 9 minutes	99.5%	68.8%	3/6
Percent of EMS call response times where a Transport unit is on scene in less than 9 minutes	99.5%	73.5%	1/8
Total Dispatch calls per 1,000 population	111.5	97.8	6/14
Cost per fire prevention inspection	\$431	\$581	4/6
Percent of commercial buildings inspected	36.5%	47.1%	5/9

* The City's ranking from those governments reporting on these measures. The scale runs from 1 - best performing down to the lowest performing

MICHIGAN LOCAL GOVERNMENT BENCHMARKING CONSORTIUM

FY 2009-10

Category	Madison Heights	Consortium Average	City Rank *
<i>Fleet Maintenance</i>			
Average cost per gallon of gasoline	\$2.20	\$2.32	7/16
Average cost per gallon of diesel	\$2.30	\$2.28	9/15
Average employee cost per hour w/ benefits	\$49	\$39	11/12
Total Expenditures per number of vehicles:			
Maintenance Exp. per Small Engine	\$102	\$266	2/6
Maintenance Exp. Heavy Equip.	\$1,062	\$3,680	3/6
Maintenance Exp. Light./Medium Vehicle	\$202	\$1,350	1/9
Maintenance Exp. Police Patrol Vehicle	\$2,701	\$2,526	2/4
<i>Information Technology (IT) Service</i>			
Platforms supported per IT FTE	3.5	3.4	7/16
Applications supported per IT FTE	18.0	21	9/16
Survey Results:			
Overall satisfaction with the quality	73.8%	78.0%	3/5
Satisfaction with timeliness for assistance	69.4%	73.1%	3/5
Satisfaction with IT provider's ability to solve problems	76.5%	79.4%	3/5
<i>Parks Maintenance</i>			
Cost per resident for park maintenance	\$16	\$23	8/15
Total operating budget per park acre	\$3,319	\$1,831	11/14
Operating budget per active park acre	\$213	\$3,722	1/12
Total Park acres per 1,000 population	4.7	25.0	6/14
Passive Park acres per 1,000 population	1.3	16.5	6/16
Active Park acres per 1,000 population	3.4	9.5	6/17
User fee as a percent of operational budget	0.0%	15.9%	1/13
Number of park maintenance FTE per 1,000 population	1.30	2.52	7/16
Number of park maintenance FTE per 100 acres	2.75	2.6	10/15
Number of seasonal employees per 100 acres	1.43	4.3	8/15
Average full-time employee cost per hour	\$40	\$36	12/15
<i>Clerk and Elections</i>			
Clerk Operating Costs per capita	\$9.49	\$9.60	9/18
Election operating costs per capita	\$1.09	\$2.02	9/18
Percentage registered voters voting in November	38.3%	48.0%	18/19
Percent absentee votes voting in November	24.3%	23.3%	9/17

* The City's ranking from those governments reporting on these measures. The scale runs from 1 - best performing down to the lowest performing

MICHIGAN LOCAL GOVERNMENT BENCHMARKING CONSORTIUM

FY 2009-10

Category	Madison Heights	Consortium Average	City Rank *
<i>Police</i>			
Cost per resident for police or sheriff service	\$317	\$215	14/17
Cost per officer	\$173,910	\$132,273	15/16
Officer per 1,000 residents	1.8	1.5	11/16
Training costs per officer	\$403	\$710	8/12
Total number of calls for service per 1,000 population	655.1	828.0	9/16
Total arrests per 1,000 residents	37.0	49.5	6/15
Total arrest per 1,000 of DSP**	25.8	39.9	3/10
Traffic citations per 1,000 residents	285.9	182	3/14
Traffic citations per 1,000 of DSP**	199.2	91.6	2/9
Total crashes per 1,000 resident	38.0	39.8	10/15
Total crashes per 1,000 of DSP**	26.5	26.8	6/10
Traffic fatalities per 1,000 residents	6.7	5.6	8/10
Traffic fatalities per 1,000 of DSP**	4.7	4.8	5/7
Percent of unsustained citizen complaints of total complaints	58.0%	73.2%	11/11
Percent of sustained citizen complaints of total complaints	37.0%	16.3%	9/11
**DSP = Daily Service Population			
<i>Road Maintenance</i>			
Cost per resident for routine maintenance	\$44	\$41	5/12
Cost per resident for structural improvement	\$55	\$48	4/12
Road FTE per 100 lane mile	3.0	6.7	4/14
Total staff hours in pothole repair per lane mile	13.3	10.9	7/9
Tons of cold patch per lane mile	0.8	0.7	4/12
Total staff hours of snow removal per lane mile	5.9	11.6	4/9
<i>Water and Sewer</i>			
Cost per resident for water	\$150	\$121	8/11
Cost per resident for sewer	\$184	\$172	7/11
Miles of water mains per FTE	17.4	19.2	5/9
Miles of sewer mains per FTE	39	13.8	1/10
Number of water main breaks per 100 miles of water main	26.9	11.6	9/10

* The City's ranking from those governments reporting on these measures. The scale runs from 1 - best performing down to the lowest performing

MICHIGAN LOCAL GOVERNMENT BENCHMARKING CONSORTIUM

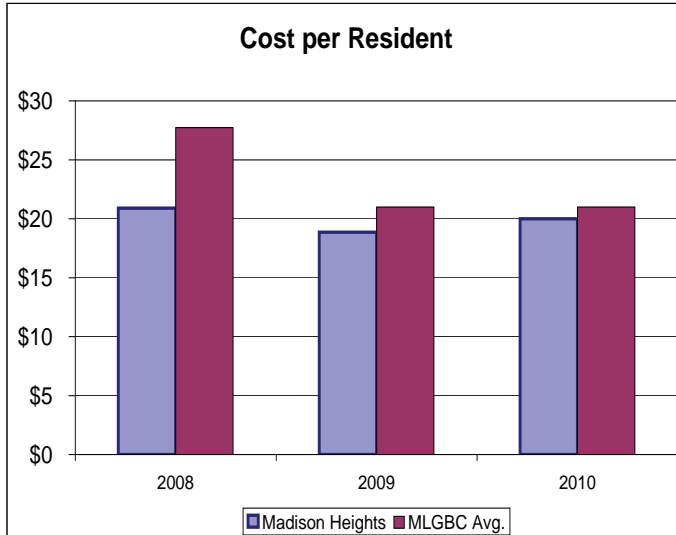
FY 2009-10

Category	Madison Heights	Consortium Average	City Rank *
<i>Assessment and Equalization</i>			
Assessment cost per capita	\$13	\$17	5/11
Assessment cost per parcel	\$28	\$38	5/10
Taxable Value (TV) as percent of State Equalized Value (SEV): Total	98.2%	92.9%	11/13
<i>Building Inspection and Code Enforcement</i>			
Revenues as a percent of expenditures	121.5%	68.4%	1/10
Complaints as a percent of total cases	9.3%	38.5%	1/12
Officer FTEs per 10,000 population	0.41	0.63	3/13
Average annual cost per inspection	\$97	\$106	4/9
Average number of days to complete commercial building construction plan review	3.5	5.8	4/12
<i>Library Services</i>			
Total resident circulation per capita	3.2	9.0	5/5
Cost per registered borrower	\$55	\$76	1/5
Cost per annual library operation hour	\$215	\$580	1/5
Percent circulation for non-residents	16.3%	34.9%	1/5
Percent of residents registered with library	36.6%	48.1%	5/5
Average attendance per program	21.4	26.6	4/4
<i>Refuse, Recycling and Yard Waste</i>			
Yard waste collection cost per service population	\$5.97	\$7.21	4/9
Refuse collection cost per service population	\$24	\$22	6/9
Recycling collection cost per service population	\$7.00	\$26.5	5/9
Tons of Recycling per 1,000 service population	33.0	34.5	5/9
Tons of Refuse per 1,000 service population	309.7	369.2	4/8
Tons of Yard Waste per 1,000 service population	54.2	124.0	3/9
Cost per ton for refuse, recycling and yard waste	\$94	\$178	5/11
Cost per ton for solid waste collected	\$79	\$125	3/7

* The City's ranking from those governments reporting on these measures. The scale runs from 1 - best performing down to the lowest performing

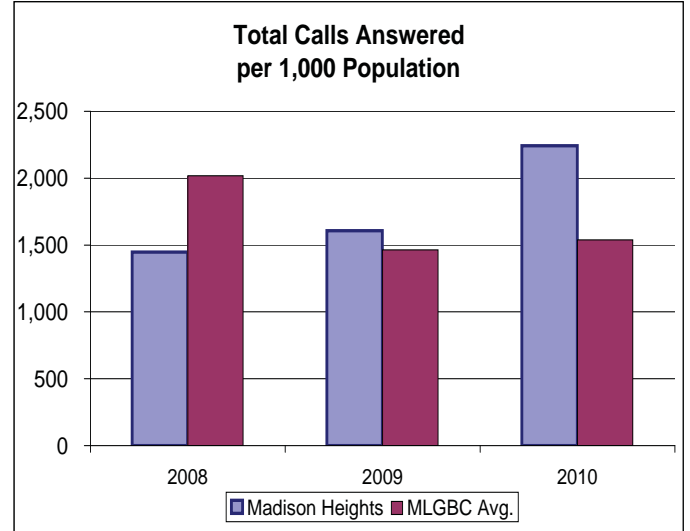
MICHIGAN LOCAL GOVERNMENT BENCHMARKING CONSORTIUM

Emergency Dispatch



FY 2010 Rank 2nd out of 5 cities.

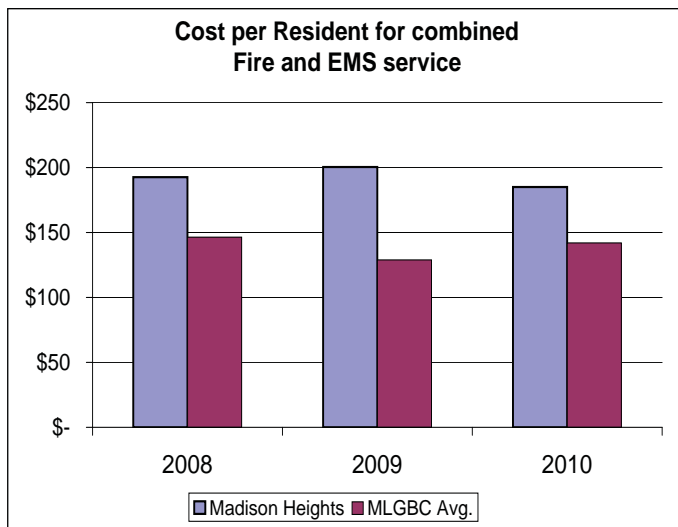
In FY 2010 Madison Heights staffed dispatch with civilian employees. Other reporting communities use a mix of sworn and civilian dispatchers. Madison Heights has the 2nd to the lowest cost per resident of all the reporting cities and 4th lowest of all reporting communities (5 cities and 2 counties).



FY 2010 Rank 5th out of 5 cities.

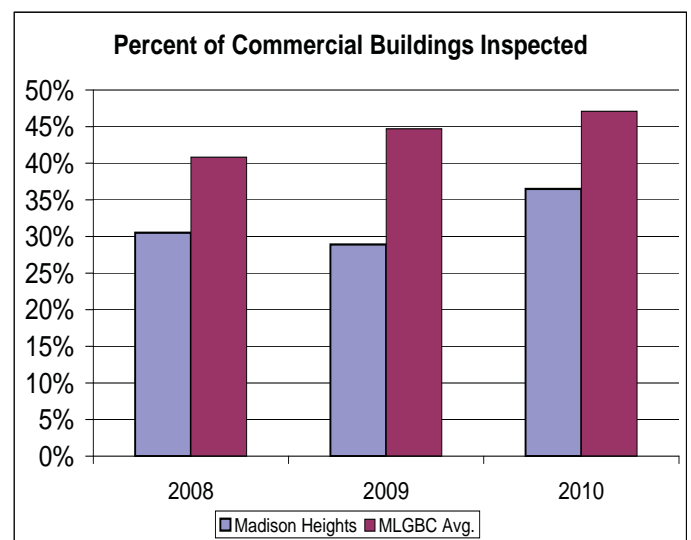
Madison Heights continues to have a higher than average number of call volume when compared with other cities in the survey. In FY 2010 Madison Heights had 2,243 calls per 1,000 population with an average of 1,538 of reporting communities (5 cities, 2 counties).

Fire and Emergency Medical Services



FY 2010 Rank 5th out of 8 cities.

In FY 2010 Madison Heights cost per resident for combined Fire and EMS services was down to \$185 from \$200 in FY 2009. Madison Heights is the 5th highest city and 8th highest of the 11 communities reported (8 cities and 3 townships).

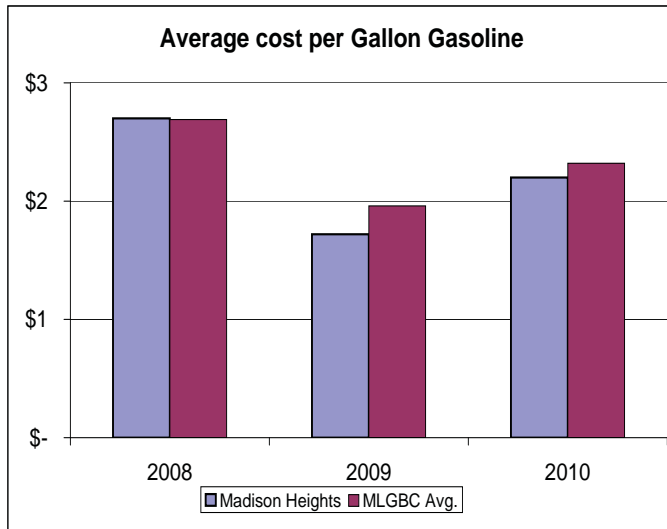


FY 2010 Rank 3rd out of 6 cities.

In FY 2010 Madison Heights inspected 36.5% of commercial buildings up from 28.9% in FY 2009. This is below average for the 9 reporting municipalities (6 cities and 3 townships). Two reporting communities skew the results, reporting 100%.

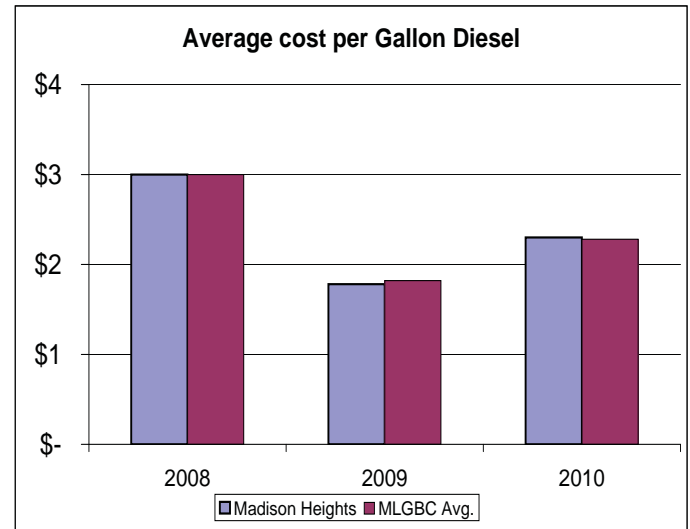
MICHIGAN LOCAL GOVERNMENT BENCHMARKING CONSORTIUM

Fleet Maintenance



FY 2010 Rank 6th out of 8 cities.

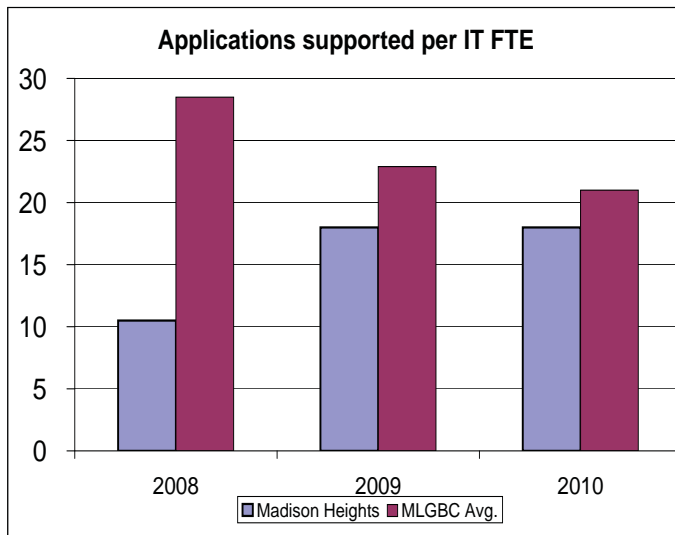
In FY 2010 Madison Heights paid an average of \$2.20 per gallon of gasoline as compared to the average \$2.32. This is up from the \$1.72 per gallon that the City paid in FY 2009.



FY 2010 Rank 6th out of 12 cities.

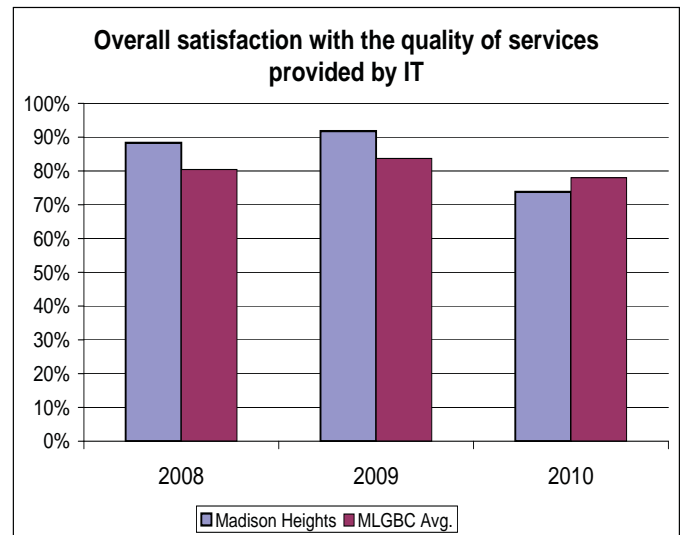
Madison Heights reported an average cost per gallon of diesel in FY 2010 of \$2.30. This is up from \$1.78 reported in FY 2009.

Information Technology (IT) Service



FY 2010 Rank 4th out of 9 cities.

In FY 2010 Madison Heights IT Department supported 18 applications per IT FTE of 2. This is the same as reported in FY 2009.

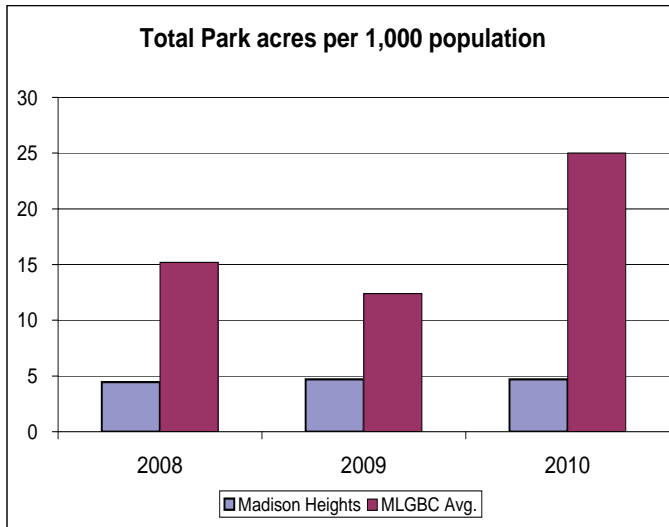


FY 2010 Rank 2nd out of 4 cities.

In FY 2010 Madison Heights IT department had a satisfaction rate of 73.8%, down from 91.8% in FY 2009. This was below average for the 5 reporting municipalities (4 cities and 1 township), with the lowest percent satisfaction at 72.9% and the highest at 95.4%.

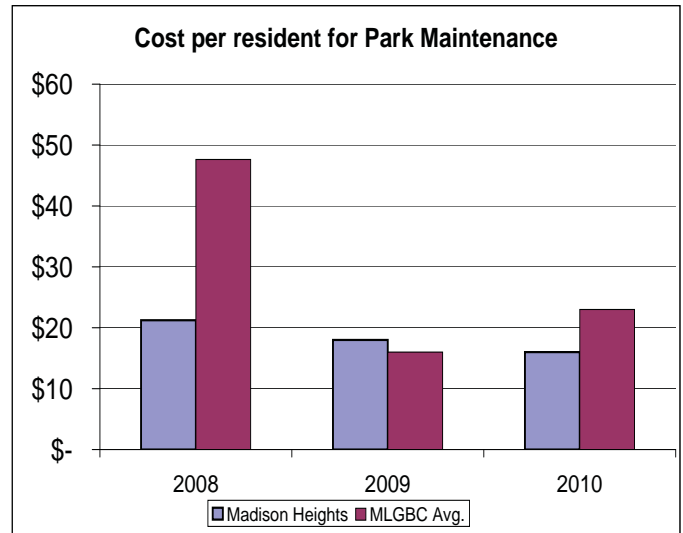
MICHIGAN LOCAL GOVERNMENT BENCHMARKING CONSORTIUM

Park Maintenance



FY 2010 Rank 4th out of 9 cities.

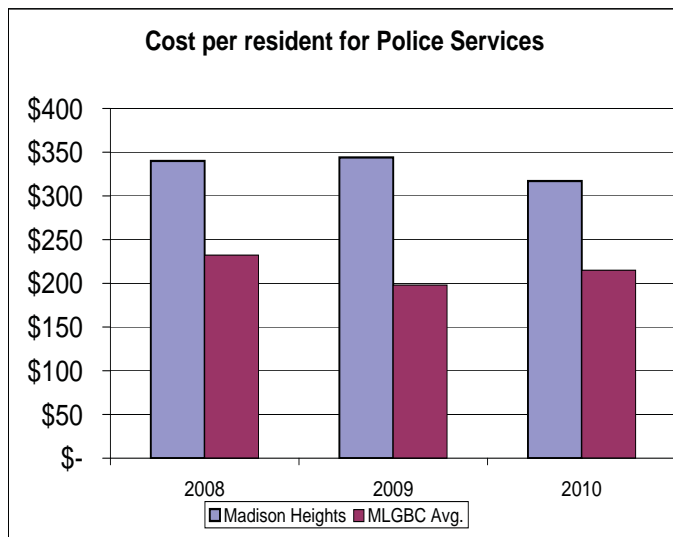
In FY 2010 Madison Heights had 4.7 park acres per 1,000 population. This is the 4th lowest out of the 14 reporting municipalities (9 cities, 2 counties and 3 townships).



FY 2010 Rank 4th out of 10 cities.

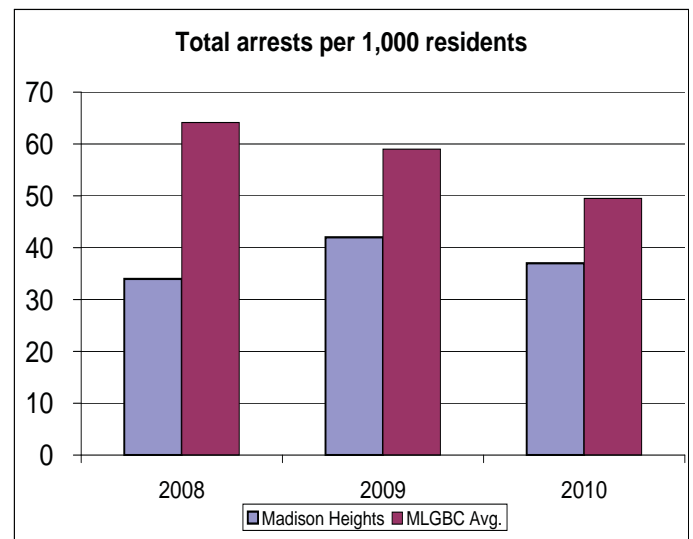
During FY 2010 Madison Heights average of 2.29 full-time employees for 100 acres. This is the 4th best out of 15 reporting municipalities (10 cities, 3 townships and 2 counties) with 0.2 being the lowest and 6.35 the highest.

Police



FY 2010 Rank 8th out of 11 cities.

In FY 2010 Madison Heights reported to have 66.25 FTE (officers and civilians) and a total cost per resident of \$317. This placed the City 14th out of the 17 reporting municipalities (11 cities, 3 counties, 3 townships). The lowest was \$33 and the highest was \$439.

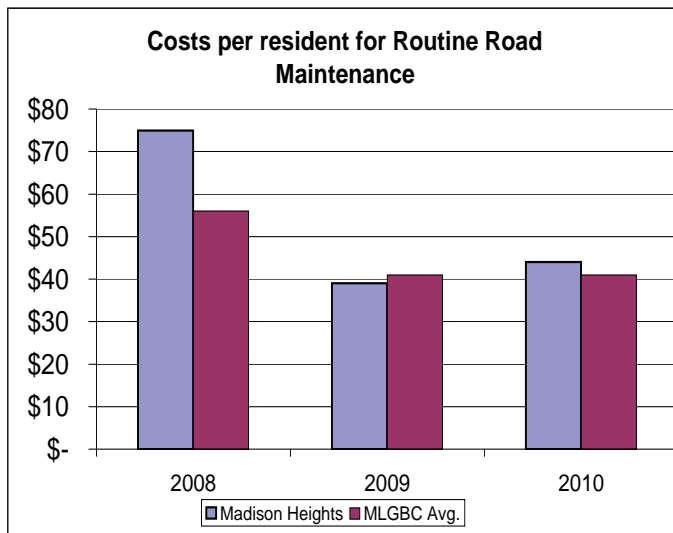


FY 2010 Rank 1st out of 9 cities.

In FY 2010 Madison Heights reported 37 arrests per 1,000 residents. This is the 9th highest arrests per 1,000 residents of the 15 reporting municipalities (13 cities, 1 counties and 3 townships). The lowest was 9.4 and the highest was 116.

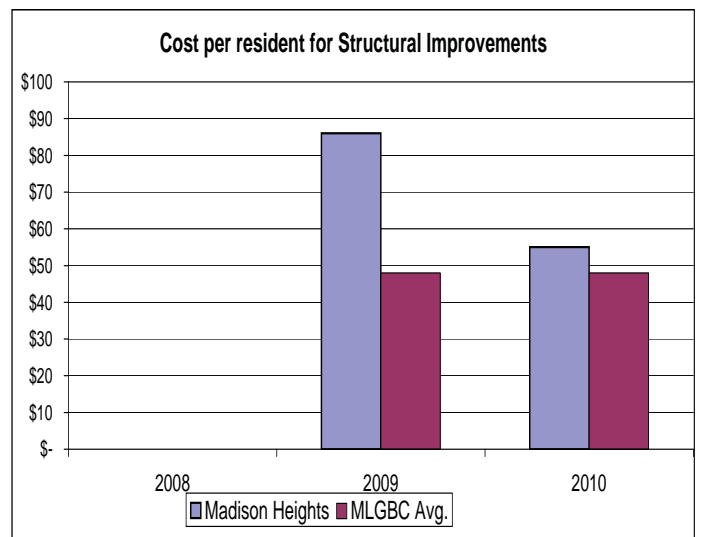
MICHIGAN LOCAL GOVERNMENT BENCHMARKING CONSORTIUM

Road Maintenance



FY 2010 Rank 5th out of 8 cities.

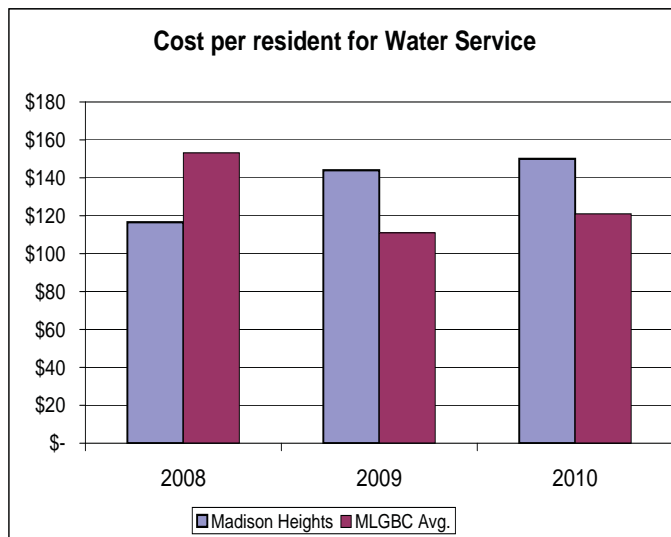
In FY 2010 Madison Heights had a road maintenance cost per resident of \$44. This was the 8th lowest out of 12 reporting municipalities (8 cities and 4 counties). The lowest average was \$2.97 and the highest \$72.



FY 2010 Rank 5th out of 8 cities.

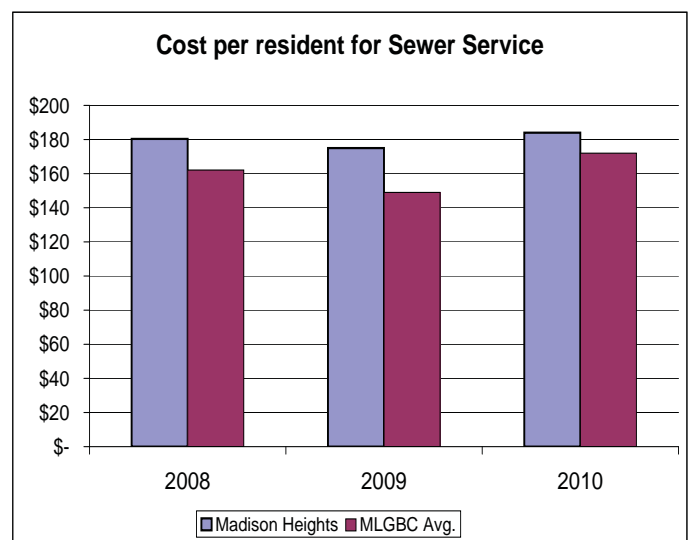
Madison Heights is the 3rd highest out of 12 reporting municipalities for structural improvements (8 cities, 4 counties). This was a new benchmark for FY 2009.

Water and Sewer



FY 2010 Rank 6th out of 9 cities.

In FY 2010 Madison Heights cost per resident for water was \$149.70. This is the 4th highest out of 11 reporting municipalities (9 cities and 2 townships) The lowest cost per resident is \$47 and the highest \$286.

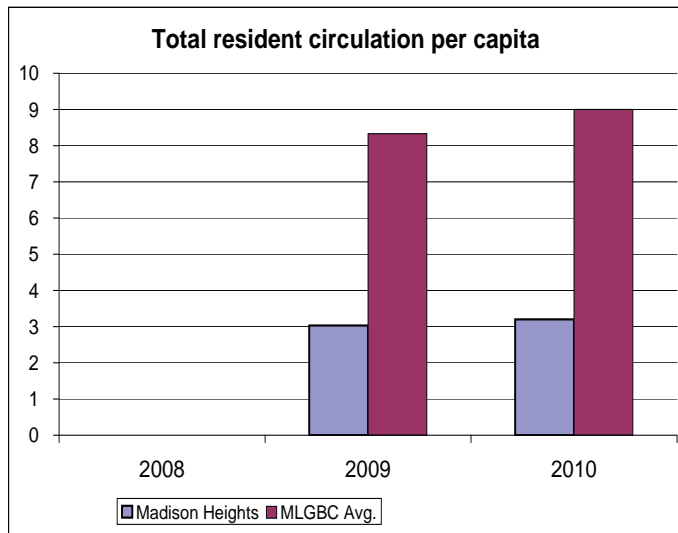


FY 2010 Rank 6th out of 7 cities.

In FY 2009 Madison Heights cost per resident for sewer was \$174.87. This is the 3rd highest out of 9 reporting municipalities (7 cities and 2 townships) The lowest cost per resident is \$83 and the highest \$231.

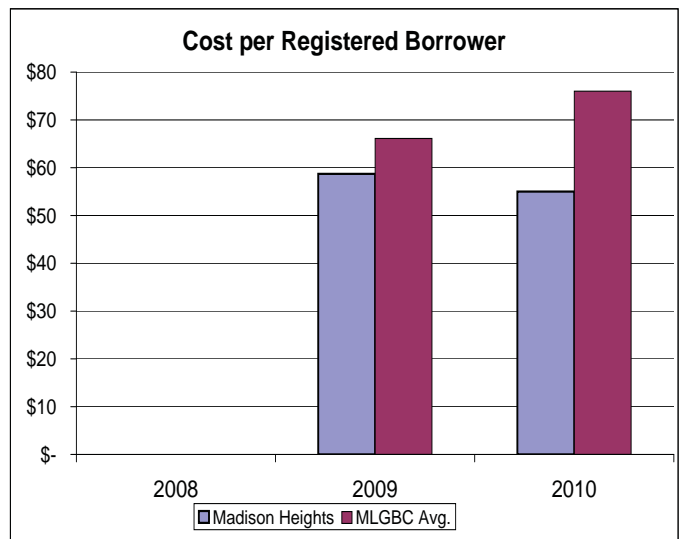
MICHIGAN LOCAL GOVERNMENT BENCHMARKING CONSORTIUM

Library



FY 2010 Rank 4th out of 4 cities.

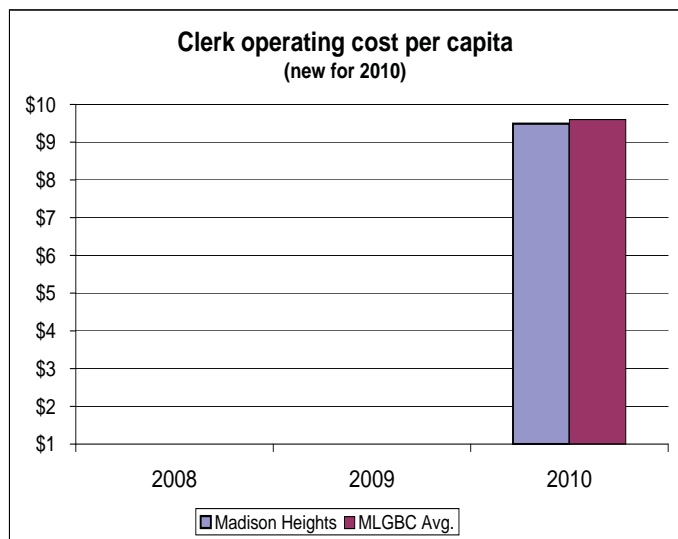
In FY 2010 Madison Heights had a circulation per capita of 3.2 which was the lowest of the 5 communities reporting (4 cities and 1 township). The benchmarks for library services were added in FY 2009.



FY 2010 Rank 1st out of 4 cities.

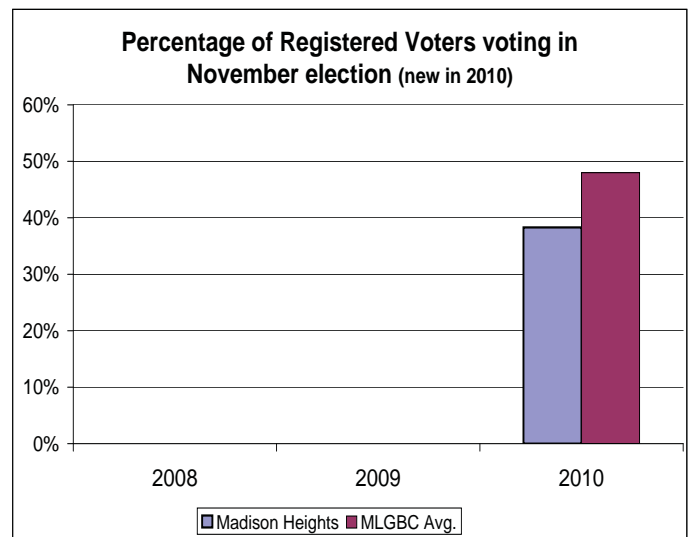
Madison Heights has the lowest cost per registered borrower of the 5 reporting communities (4 cities and 1 township). The benchmarks for library services were added in FY 2009.

Clerk and Elections



FY 2010 Rank 2nd out of 11 cities.

In FY 2010 Madison Heights Clerk's operating cost per capita was the 2nd lowest of all the reporting cities and the 9th lowest overall (11 cities, 5 townships, 2 counties).



FY 2010 Rank 11th out of 12 cities.

In FY 2010 Madison Heights ranked the lowest percentage of registered voters voting in the November election compared to the 19 municipalities reporting (12 cities, 3 counties and 4 townships).

REVENUE CHAPTER

Revenue Overview

General Fund Revenues are budgeted at \$26.2 million for the FY 2012-13. This represents a decrease of \$2,770,000, or 9.6 % over FY 2011-12 Amended Budget Revenues. A portion of this decrease (\$2,176,000 or 7.5%) is attributable to a change in accounting standards which require the recognition of Special Revenue Fund revenue to be recorded in those funds. For the City of Madison Heights, this meant recording tax revenue for Proposal R and the Fire Stations Bonds in the Local Street and Fire Stations Bond Funds, respectively.

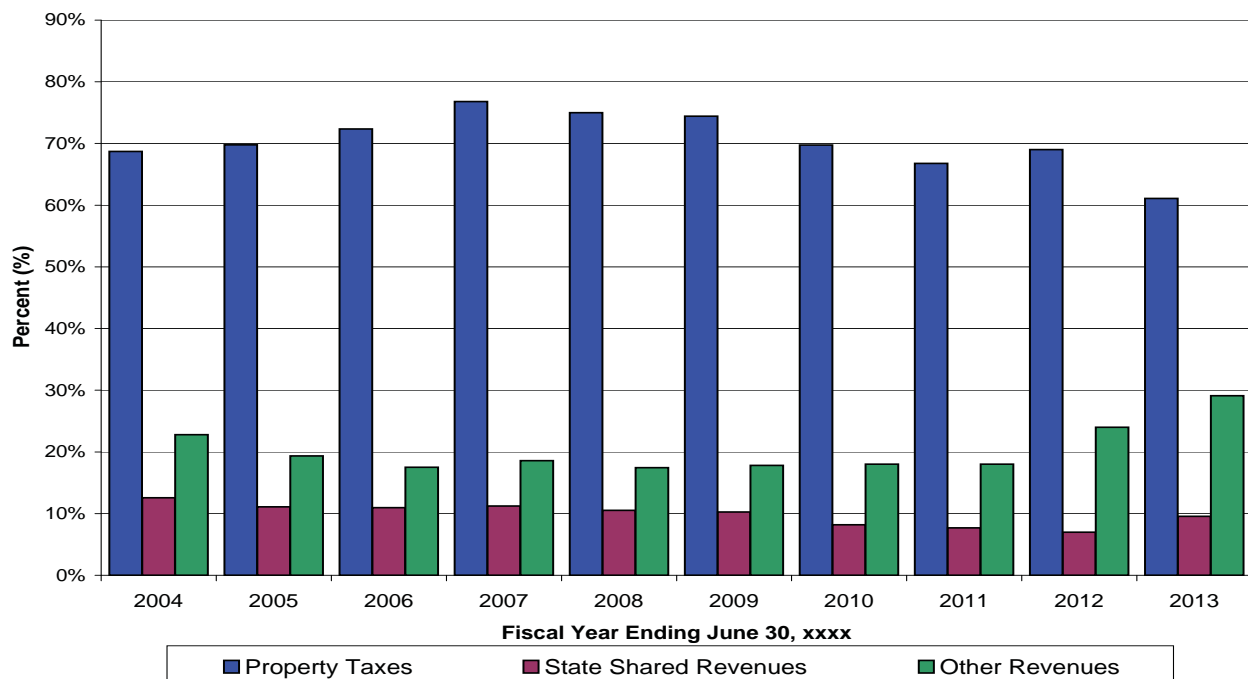
Factoring out the impact of the accounting change and including the current inflation rate of 3.5%, General Fund Revenues are still down 5.6%. Designated Fund Balance in the amount of \$1,283,500 is used as a revenue source to support this year's expenditure budget. A full discussion of fund balance is included later in this Chapter.

Base Budget Revenue Changes

The composition of General Fund Revenues has shifted away from Property Taxes and toward a greater reliance on other revenue sources in comparison to prior years. The principal sources of General Fund Revenue include: Property Taxes, \$16.6 million (61% of total General Fund Revenues); State Shared Revenues, \$2.6 million (10%); Court related revenues, \$1.9 million (7%); Charges to Other Funds, \$1.0 million (4%); Construction Permits, \$325,000 (1%); Ambulance Rescue Insurance Reimbursement, \$480,000 (2%); Cable Television Fees, \$450,000 (2%), charges for service, \$237,000 (1%), other governmental revenues \$1.3 million (5%) and use of fund balance \$2,276,500 (8%).

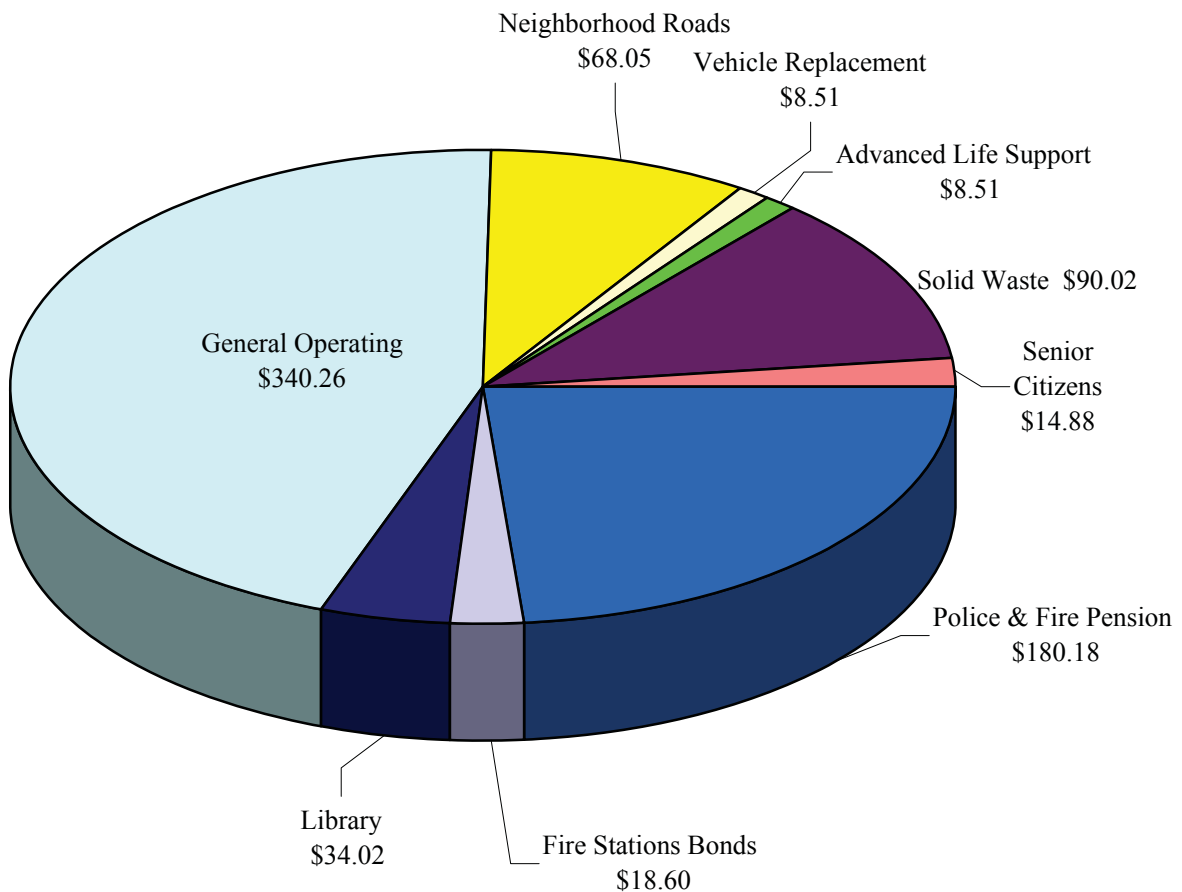
Property tax revenues can be divided into four categories: Real Property Tax (\$13.6 million); Personal Property Tax (\$2.6 million); Michigan Tax Tribunal Tax Refunds (-\$429,000); and Tax Abatements, Penalties, Interest, Delinquent Taxes and Administration Fees (\$0.9 million).

Percentage of General Fund Revenues



Average City Taxes Paid - FY 2012-13
Based on Average Home Market Value of \$68,429
(Taxable Value of \$34,026)

Total of \$763.03



Approximately 55 % of the City's taxes are restricted for specific purposes.

Property Tax Revenues

The rates displayed below are within the Charter limitations and the Headlee rollback limits. The FY 2012-13 combined City tax rate of 22.4250 mills per thousand dollars of State taxable valuation is broken down as follows:

DOLLARS PER \$1,000 OF TAXABLE VALUE *

	<u>Tax Rate</u> <u>2011-12</u>	<u>Tax Rate</u> <u>2012-13</u>	<u>Tax Rate</u> <u>Change</u>	<u>Tax Rate</u> <u>Limits **</u>	<u>Headlee Tax</u> <u>Limits **</u>
<u>Operating Millages:</u>					
General Operating	10.0000	10.0000	0.0000	10.0000	10.0000
Neighborhood Road Improvements	2.0000	2.0000	0.0000	2.0000	2.0000
Vehicle Replacement	0.2500	0.2500	0.0000	0.2500	0.2500
Advanced Life Support	0.2500	0.2500	0.0000	0.2500	0.2500
Solid Waste	2.6457	2.6457	0.0000	3.0000	2.6457
Senior Citizens	0.4740	0.4372	(0.0368)	0.5000	0.4751
Police & Fire Pension	4.7967	5.2954	0.4987	as needed	as needed
Fire Stations Bond	0.4490	0.5467	0.0977	as needed	as needed
Library	<u>1.0000</u>	<u>1.0000</u>	<u>0.0000</u>	1.0000	1.0000
Total Millage	21.8654	22.4250	0.5596		

*Michigan taxable value begins at 50 percent of the property's fair market value in the year following the date of transfer as adjusted for inflation in accordance with Proposal A of 1994, which limits future assessment increases to 5 percent or the rate of inflation, whichever is lower, for each individual property.

**Tax rate limits as established by the City Charter and various State laws. These limits are further subject to potential reduction as a result of the Headlee State Constitutional Amendment, which limits property tax increases related to the rate of inflation and Proposal "A" approved by State voters on March 15, 1994.

In Michigan, property is assessed at one-half of the market value and taxed at a taxable value, which is the prior year's taxable value plus five percent or the cost of living increase, whichever is less. There are 10,057 single-family homes and condominiums in Madison Heights. The average home market value is \$68,429 (State Equalized Value is \$34,214) with a taxable value of \$34,026 and an average tax bill of \$763 for City services for Fiscal Year 2012-13.

The average home market value in Madison Heights has dropped from \$76,320 to \$68,429 as of December 31, 2011. Although the dropping of the values of homes in our communities is discouraging, this does provide a benefit to the homeowners, as the average taxable value has dropped from \$37,760 to \$34,026, or 9.9%. The homeowner benefits as their City portion of their property tax drops \$55 per year. The \$55 per year savings is equal to a 2.0 mill rollback, a large break for taxpayers.

Please note that although the average property tax bill should decline, the proposed combined property tax rate will increase by 0.4307 mills to 22.2961, or 2%, due to the increase on one millage and the reduction of two other individual millage rates (as outlined below). Keep in mind that for a millage to generate the same amount of tax revenue in FY 2012-13, the rate would have to offset the 8.5% decline in values.

The Police and Fire Retirement Act 345 Property Tax Levy approved by vote in the original City Charter is not subject to the Headlee Amendment and Proposal A. This millage funds the City contributions to the pension system and the prefunding of post retirement medical benefits for sworn personnel. The charges to millage are based on the State statute; negotiated terms of the Police, Police Command and Firefighter unions labor agreements; and financial actuaries' recommended contribution rates based on projected medical inflation and investment returns. To fund these costs and offset the decline in property values, the millage is increasing by 0.4987 mills, or 10.4%.

The Fire Station Bond millage, like all voted debt issues, is not subject to the Headlee Amendment and Proposal A. The scheduled costs of the principal interest payments are increasing from FY 2011-12 from \$415,700 to \$422,760. This increase combined with a decline in property values creates the need to increase the millage by 0.0977.

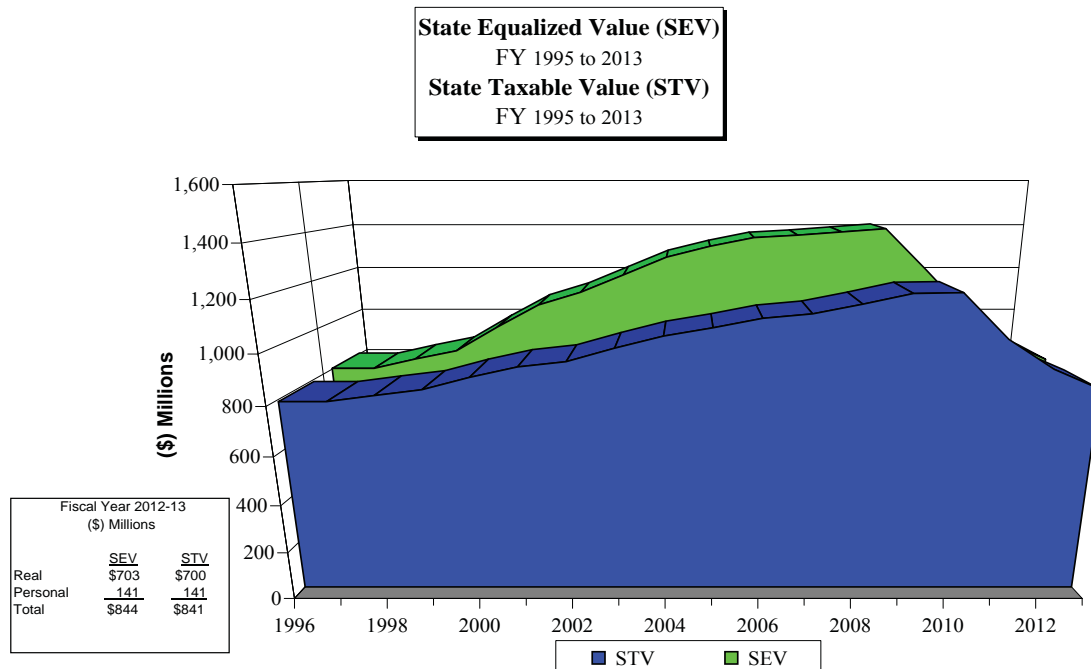
The Senior Citizen millage has, in recent years, been levied at the Headlee Amendment and Proposal A millage rate limits of 0.4740. Savings associated with the elimination of the Recreation Supervisor's position and labor agreement concessions will allow City Council the opportunity to reduce the Senior Citizen millage by 0.0368 of a mill, or 7.7%, to partially offset the impact of the higher combined millage caused by the increases of two other millages.

The Library millage is being levied for year two of ten authorized years. In FY 2013, the millage is being levied at the Headlee Amendment and Proposal A millage maximum of 1.0 mill. This year's budget details a department budget reduction of \$40,000 without any service reductions. This lower budget amount is attributable to labor concessions and planned reduced expenditures for electricity. These reductions, along with the anticipated Proposal L reserve at Fiscal Year End 2012 of \$28,000, allows for a planned Library reserve for future facilities projects.

Property Tax Base

The chart on the following page illustrates the change in the State equalized value over the last fifteen years based on the type of property. The property tax base for the General Fund is quite diversified. The major components of the General Fund Property Tax Revenue are single unit residential/condominiums (41%), commercial (34%), industrial (9%) and personal property (16%).

This chart also illustrates the gap between equalized and taxable value. In FY 2012-13, the overall taxable value decreased 8.5% with equalized value decreasing 8.8%. It is anticipated that at least for the next one to two years the equalized value will continue to decrease. As the overall gap between taxable values and equalized values closes and more individual properties' equalized values match taxable values (currently 99.6% of value), this will negatively impact the amount of tax revenue available to support City services.



Taxable property consists of 86% real (land and building) and 14% personal (equipment and fixtures).

In light of the deep recession, high unemployment brought on by the faltering American car companies and the foreclosure crisis, the Metro Detroit region has experienced a record decline in property values over the last four years.

Oakland County is responsible for collection of all property tax that goes unpaid as of March each year. In the past, the delinquent tax account was estimated based on projected collections from Oakland County of past delinquent taxes that were paid throughout the year. Beginning in Fiscal Year 2011 and continuing into 2012, the City refunded more past taxes than was received in delinquent tax collections. This loss of revenue was due to the decreased taxable values and increased number of Michigan Tax Tribunal (MTT) cases.

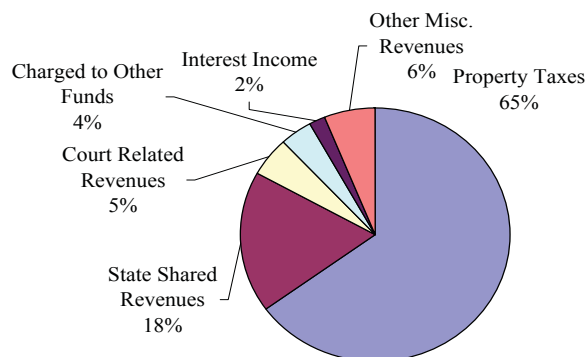
From July 2010 to January 2012, the City has refunded a total of \$1,145,000 for settled or completed MTT cases. For Fiscal Year 2013, this refund amount is budgeted to be \$485,000. This assumes that 40% of the cases will either be settled or completed with the remainder being dismissed or rejected in full. The active tribunal cases of current properties under appeal in both the Entire (Full) and Small Claims divisions equal a contested taxable value of \$60.8 million.

State Shared Revenues

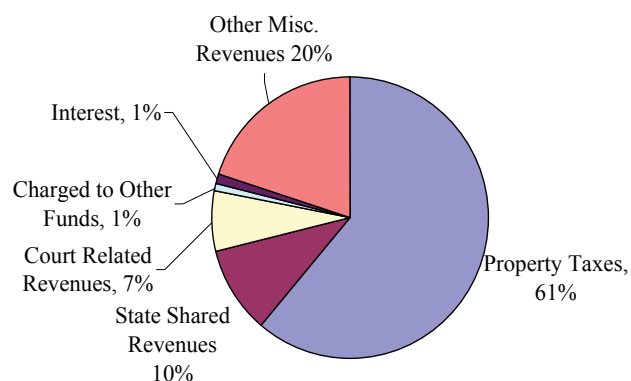
The City's second largest source of General Fund Revenue is State Shared Revenues, which amount to \$2.6 million or 10.0% of the Budget. Budgeted State Shared Revenues are projected to increase 26.6% when compared to the amended FY 2012 Budget. This increase is due to changes in the statutory revenue sharing program and an anticipated increase in constitutional sales tax. The major components of State Shared Revenues are the Constitutional Sales Tax (\$2.2 million) and Economic Vitality Incentive Program formerly known as Statutory Revenue Sharing (\$296,549).

State Shared Revenues are taxes collected by State government and then transferred back to local municipalities based on the State Constitution and State statutes.

Major Revenues in FY 2000-01



Major Revenues in FY 2012-13



As you can see from the pie charts shown above, in FY 2000-01 State Shared Revenues made up 18% of the General Fund Revenues, in FY 2012-13 they are only 10% of the total.

On March 21, 2011, Governor Snyder presented a special message on his plans for Community Development and Local Government Reform. As part of this presentation he outlined his plans for State Revenue Sharing. He indicated that Michigan currently has two forms of revenue sharing - payments from State funds to local units of government. The first is constitutional. Article IX, Section 10, of the Michigan Constitution requires that “Fifteen percent of all taxes imposed on retailers on taxable sales at retail of tangible personal property at a rate of not more than 4% shall be used exclusively for assistance to townships, cities and villages, on a population basis as provided by law.” The State’s FY 2011-12 budget projects a total distribution under that constitutional provision of \$659 million, a 4 percent increase state-wide over the prior fiscal year.

The second program, formerly known as “statutory revenue sharing,” was implemented with Public Act 140 in 1971. The formula was adopted to distribute revenue on the basis of relative local tax effort and population and was used, in the Governor’s opinion, to help major cities receive additional state aid. In the 40 years that have passed, subsequent legislatures have changed the formula to shift funds back and forth between cities, townships and villages numerous times.

In this global economy, cities and urban areas are crucial to the economic vitality of any region or state. The provision of public infrastructure and public safety is a key element in the business competitiveness of any region. The most important reforms to the local public finance system in the past 30 years have been the Headlee Amendment and Proposal A. These reforms were designed to ensure that Michigan’s tax system remains fair and in proportion to changes in the economy.

In the Governor’s FY 2012 budget message, he proposed that the program formerly known as statutory revenue sharing come to an end and be replaced by a new Economic Vitality Incentive Program (EVIP). In his opinion, this program will reward best practices and lead to more prosperous communities over the next few decades.

Funding in the first year changed by limiting allocation to communities that were expected to receive over \$6,000 of the reduced funding under the old formula. However, to continue to qualify for the Economic Vitality Incentive, eligible municipalities were directed to meet certain requirements and implement specific programs. These requirements are all based on what the State considers best practices:

First, municipalities were required to establish what the State called “accountability and transparency” measures. By October 1, 2011, local governments were to produce a citizens guide to their finances and a performance “dashboard” that is readily available to the public.

In January of 2011, the Governor released the Citizen's Guide to Michigan's Financial Health. The State directed all local governments to do the same by October 1, 2011.

Second, by January 1, 2012, municipalities were to develop plans to consolidate services that will result in taxpayer savings. The plans were to make a good-faith effort to estimate potential savings and costs associated with sharing critical services at the local level.

Finally, by May 1, 2012 communities must certify they intend to implement the following employee compensation criteria for any new, modified or extended contract or employment agreements for employees not covered under contract or employment contract:

- a. New hires eligible for retirement plans will be placed on retirement plans that cap annual employer contributions:
 1. 10% of base salary if they are eligible for social security.
 2. 16.2% of base salary if they are not eligible for social security.
- b. For defined benefit plans, all employees must have:
 1. A maximum 1.5% pension multiplier if employee is eligible for social security. If there is no retiree health care, a maximum 2.25% pension multiplier.
 2. A maximum 2.25% pension multiplier if employee is not eligible for social security. If there is no retiree health care, a maximum 3.0% pension multiplier.
- c. For defined benefit plans, the final average compensation shall be computed using, at a minimum, three years compensation and can't include more than 240 hours of paid leave. It also cannot include overtime. This applies to all employees.
- d. Health care premium costs for new hires shall include a minimum employee share of 20%, or the employer's share shall be cost competitive with the new State preferred provider organization health plan on a per-employee basis.

Municipalities are receiving one-third of their funding for each category of best practices they meet. The three categories are accountability and transparency, consolidation of services and employee compensation. Local units must meet every criteria described in a specific category by the defined timeline to fully benefit from the program. Municipalities that do not meet the criteria will see reduced funding in their scheduled payments. Until the specified dates and new contracts begin, communities will continue to receive six payments as previously scheduled at the new funding level.

On February 9, 2012, the Governor released his FY 2012-13 Proposed Budget. The EVIP program is basically the same with the total increased to \$210 million, but with the extra \$10 million allocated to competitive grants for collaborative projects.

It appears that based on the Governor's EVIP, the City would be eligible for a maximum of \$445,000 by meeting the requirements for: (1) accountability and transparency; (2) service sharing and consolidation; and (3) employee compensation best practices. The budget assumes the City will achieve two of the three requirements and receive \$297,000 in EVIP payments.

The City is also reimbursed for a portion of the District Court Judge's salary, liquor license enforcement, Police training activities, penal fines dedicated to library services and miscellaneous court costs.

Other Revenues

The third largest source of General Fund Revenue is composed of Court fines, forfeits, and charges (\$1.9 million), which are used to partially offset the cost of operating our State-mandated District Court and Police Department. The Budget forecasts a \$293,000 decrease (13.3%) in Court related revenues as compared to the Amended FY 2011-12 Budget.

A fourth significant revenue is departmental charges, which is budgeted at \$985,000. These revenues are based on charges to the Major Street (\$124,000); Local Street (\$195,000); and Water and Sewer (\$666,000) Funds, for equipment, facilities and manpower costs incurred by the General Fund to support their operations.

A fifth group of revenue sources, other governmental revenues, provides between \$100,000 and \$500,000 in annual funding. This category is not as important to the overall budget as those already mentioned earlier, but represents a significant source of revenue. These revenues include business and non-business licenses, permits and fees, charges for service, recreation and senior center user fees, cable television franchise fees, telecommunication right-of-way fees and ambulance insurance reimbursement charges. Interest income is budgeted at \$125,000 for FY 2012-13. Interest income continues to be down due to continued low interest rates as established by the Federal Reserve and reduced cash available for investment.

Revenue categories amounting to less than \$100,000 annually include Medicare Part D prescription reimbursement payments in lieu of taxes, penal fines from the County, State transportation credits, sales of goods, non-recreation user charges, auto pound, police service fees, cell phone dispatch revenues and fixed asset sales.

Revenue Assumptions

- State Shared Revenues - On February 9, 2012, Governor Snyder released his FY 2012-13 Proposed Budget including his plans for the EVIP program.

For Budget purposes, the City has assumed it will meet two of the three requirements. For Constitutional Revenue Sharing, the City adopts the State's estimated growth projection of 2%.

- Licenses and Permits – Fees set by City Council; based on activity projected by the Community Development Director for occupational and non-business licenses; and City Clerk for business licenses and permits.
- Charges From Other Departments – Consultant's cost allocation plan.
- Interest Income - A conservative 1.25% return was assumed on reduced cash reserves.
- Gas & Weight Tax - Michigan Department of Transportation estimated Act 51 Revenue as a 5.7% increase. The certified 2010 census (4.5% reduction) is reflected in the Act 51 distributions starting with October 2011 distribution.
- Section 8 Housing Grant - Department of Housing and Urban Development (HUD), total allowable rental units per contracts with HUD calculated at fair market rents.

- Water Sales and Sewage Disposal - Prior 12 months assuming a 3 percent reduction in utilization and a 6.9 percent rate increase.
- Special Assessment Collections – Revenues are estimated based on the projected July 1st billings.

OTHER MAJOR FUNDS

Major Street Fund

The second largest source of Major Street revenues at \$1.2 million is derived from Gas and Weight taxes collected by the State of Michigan. These taxes are distributed to local municipalities based on miles of roads and city population. Gas and Weight tax revenues comprise 36% of Major Street revenues. Other revenues include reimbursements from the Road Commission of Oakland and Macomb Counties for winter and summer maintenance by the City on County roads and berm areas (2%) and transfer from the General Fund fund balance (64%) for needed repairs. This transfer from General Fund fund balance is a change in the funding over the last two years for Major Street repairs. This transfer of \$2,069,000 will fund much needed repairs to John R, 11 Mile, Campbell, Whitcomb and 13 Mile roads. This transfer will allow the City to accelerate the asphalt overlay on John R from 11 Mile north to the Red Run Drain from 2015 to 2013, by allowing the City to participate in a 50/50 Federal grant. The projected contribution to fund balance for FY 2012-13 is \$54,000.

Local Street Fund

Prior to 1996, the primary source of revenue for the Local Street Fund had been from State distributions of Gas and Weight tax. These State distributions, estimated to be \$442,000, only provided enough funding to perform minor road repairs and maintenance. In an effort to raise revenues for more extensive and much needed repairs and rehabilitation, the voters approved a ten year dedicated road millage of two mills in August 2006. This millage will provide \$1.5 million in FY 2012-13 and an estimated \$23.1 million over the ten-year period, which will be used exclusively for the repair and reconstruction of residential streets and rights-of-way. Other revenues include interest income, \$33,200. The projected draw down of fund balance to complete scheduled neighborhood road reconstruction projects for FY 2012-13 is \$819,000 in addition to a transfer of \$175,000 from the Major Street Fund and \$100,000 from the General Fund to support sectional concrete repair on Industrial, Whitcomb east of Stephenson and in the northeast industrial park.

Parks Maintenance and Improvement Fund

The Parks Maintenance and Improvement Fund was established with a November 2007 one-time payment of \$850,000 from the George W. Kuhn Drainage District, in exchange for the City's agreement to assume responsibility for the operation and upkeep of the new 10-acre Red Oaks Soccer Complex. The projected revenues for the budget year include \$16,000 in interest income from the investment of the original payment. The revenues and accumulated funds can be used for any Madison Heights park system improvement. The projected use of fund balance for FY 2012-13 is \$49,000.

Downtown Development Authority Fund

Funding for the Downtown Development Authority is derived exclusively from the growth (increment) in real and personal property tax above the 1997 base year for those properties located in the District. Tax revenues have decreased 65% over the last three years from \$243,100 in FY 2009-10 to \$86,200 for FY 2012-13.

Drug Forfeiture Fund

The Fund is used to account for revenues (FY 2012-13, \$55,500) generated by the Madison Heights Police Department through drug forfeitures related to enforcement of drug laws pursuant to Public Act 251 of 1982.

Community Improvement Fund

All Community Improvement revenues are provided by the Federal Housing and Urban Development (HUD) Department. There are two types of funding provided by HUD. The first is through the Community Development Block Grant (CDBG) program (\$112,000 for FY 2012-13). This program, administered by Oakland County, provides for 100 percent reimbursement for expenditures that aid low-moderate income areas. This reimbursement is limited to the amount of available Federal funding which has declined substantially in recent years. The second classification of revenue is provided through the Section 8 Housing Grant Program (\$1.2 million for FY 2012-13). This program provides funding for rental housing assistance to low-moderate income families.

Fire Manning Grant

On December 30, 2010, the City was awarded a two-year grant for the purpose of bringing back two Firefighters laid off on June 30, 2010, increasing shift staffing. The City is able to file for the cost reimbursement, estimated at \$119,500, for FY 2012-13 (excluding overtime and uniform allowance).

Special Assessment Revolving Fund

Revenues to this Fund include property owner principal and interest payments from prior years' road and sidewalk projects (\$325,700). Other revenues include interest earned on fund balance (\$5,000), transfers from Local Streets (\$20,000) for key flags sidewalks/ramps at intersections and a (\$166,200) use of fund balance. These assessments will be repaid as the 3 to 15 year special assessment payments are made by the property owners.

Fire Stations Construction and Bond Funds

These funds account for the construction activities related to the \$5.9 million 2003 Fire Stations Bond project and the repayment of the debt associated with this project. The dedicated millage will generate \$423,000 this year to make principal and interest payments.

Water and Sewer Fund

Water and Sewer Fund revenues are generated through user charges to residential and commercial customers based on water usage. Revenues from water and sewer user charges comprise 40% and 60% respectively of the revenues of this fund. In 2009, the Fund exhausted its cash reserves and was forced to borrow from the General Fund. This loan was paid back in 2010, and as of June 30, 2011 the cash reserves had reached the stable level of \$2,293,000. The other revenues are derived from meter charges, service charges, tap fees, interest on investments and building rental charges.

Motor Pool and Equipment Fund

Revenues of the Motor Pool and Equipment Fund are provided exclusively through contributions from departments of the General Fund (\$938,000) and Water and Sewer Fund (\$101,000). The amount contributed by each department is based on the cost incurred by the Motor Pool in maintaining each department's vehicles.

FUND BALANCE

In Madison Heights, the General Fund fund balance consists of designations of assigned and unassigned fund balance for various purposes amounting in total to \$4.9 million. The following table reflects the audited Fund Balance for the years ended June 30, 2010 and 2011:

FUND BALANCE	ACTUAL FY 2009-10	ACTUAL FY 2010-11	CHANGE FY 09-10 vs 10-11
Unreserved:			
Assigned:			
Vested Employee Benefits	\$2,655,547	\$2,352,931	\$ (302,616)
Retained Insurance Risks	250,000	336,000	86,000
Capital Improvements	102,000	1,218,389	1,116,389
Technology Improvements	0	75,000	75,000
Subsequent Year's Expenditures	<u>56,636</u>	<u>915,005</u>	<u>858,369</u>
Total Assigned	\$3,064,183	\$4,897,325	\$1,833,142
Unassigned	<u>0</u>	<u>0</u>	<u>0</u>
Total Unreserved Fund Balance	\$3,064,183	\$4,897,325	\$1,833,142

Assigned Funds

Assigned Fund Balance falls into five categories: funds designated for vested employee benefits; retained insurance risks; capital improvements; technology improvements and subsequent year's expenditures.

The designation for employee benefits was established to provide a reserve for unused sick leave and vacation benefit liabilities not funded elsewhere. These funds would be required to meet the commitments, which change over time based on employee retirements, leave accrual and utilization rates. This designation was set based on audited records at \$2.4 million last year and makes up 48% of the Assigned Fund Balance.

In 1987, the City started setting aside a portion of its Fund Balance for possible contingencies related to self-insurance losses. This designation was set to match the \$366,000 limit for paid losses per year under the Stop Loss Program with the City's liability insurance pool provider.

With the decreases in revenue sharing and property tax, and increasing prices, the general maintenance and upkeep of City facilities and technology has become a heavy burden to support and in some situations has been deferred for many years. On June 30, 2011, \$1,218,389 was assigned for future capital improvements and \$75,000 for technology improvements.

The City has also followed the sound practice of designating funds for budgeted purchases and projects that cannot be accomplished by the end of any given fiscal year. This method of carrying forward monies could be used to retain appropriations on large equipment purchases or construction projects budgeted, but not bid or completed prior to the end of a fiscal year. This financial tool is used to pull together all those significant items outstanding, but not acted upon by the end of a budget year. On June 30, 2011, those carry-forward purchase designated funds (\$915,005) made up 15.7% of the Assigned Fund Balance.

Unassigned Funds

Unassigned Fund Balance is that portion of the fund balance not specifically assigned for a specific purpose. Due to the current financial constraints, all of the Fund Balance is assigned for specific purposes.

Changes in Fund Balance

A total of \$2,376,500 in FY 2012-13 of the Assigned Fund Balance has been programmed to support capital outlay in the budget:

Major Road Maintenance and Repair	\$2,169,000
Park Parking Lot and Path Repair and Replacement	120,000
Information Technology and Cablecasting Catch Up Projects	62,500
Building Repair Projects	<u>25,000</u>
Total	\$2,376,500

**ALL FUNDS SUMMARY
CHANGES IN PROJECTED
FUND BALANCE/RETAINED EARNINGS
FISCAL YEAR 2012-13**

Fund	Beginning Balance	Revenues	Expenditures	Ending Balance	Percent Change In Fund Balance
General Fund ⁽¹⁾	\$ 4,897,325	\$ 24,978,539	\$ 27,255,039	\$ 2,620,825	(46.5)
Major Street ⁽²⁾	95,997	3,308,803	3,255,027	149,773	56.0
Local Street - Non Proposal R ⁽³⁾	204,518	749,779	888,853	65,444	(68.0)
Local Street - Proposal R ⁽⁴⁾	3,823,117	1,603,532	2,283,000	3,143,649	(17.8)
Parks Maintenance and Improvements	680,731	16,000	64,645	632,086	(7.1)
Downtown Development Authority ⁽⁵⁾	25,783	86,169	77,169	34,783	34.9
Police Drug Forfeiture	117,012	55,500	59,900	112,612	(3.8)
Community Improvement Program	946,006	1,392,775	1,982,606	356,175	(62.3)
Fire Manning Grant (SAFER)	0	119,506	119,506	0	0
Special Assessment Revolving	718,673	350,700	516,915	552,458	(23.1)
Fire Stations Construction and Bond Funds	8,417	422,758	423,758	7,417	(11.9)
Water and Sewer Fund ⁽⁵⁾	5,065,288	10,981,152	10,981,152	5,065,288	0
Motor Pool and Equipment Fund	0	1,039,295	1,039,295	0	0
Total	\$ 16,582,867	\$ 45,104,508	\$ 48,946,865	\$ 12,740,510	(23.2)

- (1) The General Fund is budgeted to use \$2,276,500 in fund balance for capital outlay expenditures during Fiscal Year 2013. The General Fund revised projected ending assigned fund balance is \$2,834,500, or 10.4% of General Fund expenditures for FY 2012-13. To arrive at this revised fund balance:

General Fund Ending Balance FY 2010-11	\$5,675,000
Addition/use FY 2011-12 Budget Savings	313,000
Fund Balance Reserve for Pre-Paid	
Expenses and Dedicated Millages	<u>(877,000)</u>
Revised Assigned Fund Balance on June 30, 2012	\$5,111,000

- (2) The Major Street Fund revised projected beginning fund balance is \$96,000. The Major Street Fund fund expenditures are projected to be less than revenues during FY 2012-13 by \$54,000. This addition to fund balance will be utilized to fund future road maintenance projects.
- (3) The Local Street Fund has two components of fund balance, the first is non-Proposal R expenditures which are projected to exceed non-Proposal R revenues by \$139,000 on June 30, 2013.
- (4) The Local Street Fund Proposal R portion is budgeted to use fund balance for planned construction projects for which the Proposal R millage is levied.
- (5) The Water and Sewer's retained earnings is not representative of cash in this business-type fund and includes accounts receivable, depreciation and inventory. At June 30, 2011, the cash balance was \$2,293,000 with a June 30, 2012 projection of \$3,029,000.

MAJOR INITIATIVES

The City has set as a budget goal an adequate level of basic services that will be maintained with sufficient staff and appropriate equipment and facilities for fire suppression, emergency medical services, police and public services programs. The budget contains the following key program enhancements that will be provided within our current capabilities.

General Fund

Deferred Maintenance Fund Balance Projects:

\$ 22,500	City-wide computer operating system upgrade
\$ 10,000	Five entry door replacements in four buildings
\$ 15,000	Police station section roof replacement
\$ 2,169,000	Sectional concrete repair on John R, Eleven Mile, Campbell, Thirteen Mile, Whitcomb and Industrial
\$ 75,000	Rosie's Park - Hales parking lot overlay
\$ 45,000	Civic, Ambassador, Rosie's Park sectional path replacement and repair
\$ 40,000	City Hall Council Chambers audio upgrade and enhanced cable broadcast playback

Leisure Service-related Program Improvements

- funded by Proposal "V-2" millage:

\$ 43,000	Two Parks maintenance pickups - one with plow
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- funded by Senior Citizen millage:

\$ 146,000	Senior Center fire suppression system
\$ 20,000	Senior transportation van

- funded by Library millage:

\$ 50,000	Library purchase of books, videos and audio visuals
\$ 6,000	New e-book download library

Public Safety-related program improvements

- funded by General Operating millage:

\$ 15,000	31 Police radio replacements
\$ 23,000	Two firefighter thermal imaging cameras
\$ 6,000	Fire truck power saws
\$ 6,400	Fire rescue communications update

\$ 3,500	Fire station alerting system
\$ 150,000	Two salt truck V-box inserts
\$ 60,000	Streets one-ton dump truck
\$ 28,000	Building maintenance van
	- funded by Proposal “V-2” millage:
\$ 69,400	Two police patrol cars plus four car equipment transfers
\$ 162,000	Streets single-axle dump truck (phase I funding)

Major Street Fund

\$ 75,000	Joint and crack seal
\$ 225,000	Commercial & Industrial Sectional Concrete Replacement on Whitcomb
\$ 747,000	Phase II, III and IV funding for a 50% (\$855,000) grant for John R overlay from 11 Mile to the Red Run Drain in 2013
\$ 1,222,000	Sectional concrete repair on John R, Eleven Mile, Campbell and Thirteen Mile (General Fund fund balance projects)
\$ 10,000	Traffic signal improvement

Local Street Fund

\$ 2,163,000	Proposal “R-2” Millage road reconstruction scheduled as part of Year Five of the Neighborhood Road Improvement Program including: <ul style="list-style-type: none"> • Lenox - Baxter to Sprague • Hampden - Farnum Intersection • University - Lenox to Hampden • Brettonwoods - Gardenia to Farnum • Forest - Hampden to Brettonwoods & Hampden Intersection • Gardenia - Hampden to Dartmouth • Parker - E. of Sealcoat to John R
\$ 100,000	Proposal “R-2” Sectional concrete replacement
\$ 20,000	Proposal “R-2” contribution to fund key sidewalk squares and ramps in an area bounded by Thirteen Mile, I-75, Whitcomb and Dequindre
\$ 275,000	Industrial roads sectional concrete repair: <ul style="list-style-type: none"> • Whitcomb - East of Stephenson • Industrial - 14 Mile to East Avis • Small Sections of Research, Tech Row, Kempar and Sherman

Park Maintenance and Improvement Fund

\$ 32,500 Friendship Woods dead tree removal from trail shoulders and forest floor

Downtown Development Authority Fund

\$ 56,000 Downtown Development Authority (DDA) funding match of 50% for Economic Development Program

\$ 6,000 Facade improvement grant

\$ 5,000 Public right-of-way mowing

\$ 5,000 Public right-of-way trash receptacle program

\$ 3,000 Clock tower and trash can maintenance

Drug Forfeiture Fund

\$ 55,000 Two Police patrol cars

Community Improvement Fund

\$ 15,000 Senior citizen home chore program lawn mowing and snow shoveling

Special Assessment Revolving Fund

\$ 420,000 Year 10 of Sidewalk Gap and Replacement Program for an area bounded by Thirteen Mile, I-75, Whitcomb and Dequindre

Water and Sewer Fund

\$ 474,000 Watermain replacement:

- Hampden from 11 Mile to Andover
- Palmer from 11 Mile to dead end

\$ 86,000 Two pickups and reconditioning of a sewer vactor

\$ 230,000 Building roof repair and replacement

BUDGET POLICIES AND PROCEDURES CHAPTER

Role of the Budget

The Budget provides the annual financial plan for the management of the City's affairs. The document compiles the financial data needed to support the City of Madison Heights' comprehensive decision-making and policy development process. This Budget is based on the Five Year Capital Improvement Plan, the City's financial policies, past City Council direction, and City Manager and Departmental review of operations.

Budget Strategy

The current financial plan is based upon Council direction and current revenue constraints. These factors govern the stewardship of public funds and reflect the following principles:

Strive to maintain basic services at current levels with adequate funding;

Program costs will reflect a true picture of the cost of operations. Depreciation will not be included in program costs (except in the enterprise fund) and some Citywide expenses will be separated from program expenditures for ease of administration;

Program services will be provided in the most efficient method while meeting the needs of the public;

Necessary infrastructure improvements, improvements to stationary capital assets such as roads, sewer lines and water systems, will be undertaken, when financially feasible, to meet needs;

Revenues will be estimated at realistic levels;

Reserves will be programmed at appropriate levels (8% to 12% of annual expenditures) to protect the City from future uncertainties; and

The Budget will comply with provisions of the State Constitution, City Charter, Municipal Code and sound fiscal policy.

FINANCIAL POLICIES

The Council first reviewed and adopted financial policies with the FY 1992-93 Budget. In December of 1998, Madison Heights adopted Michigan's Investment Act for Local Units of Government (Public Act 20 of 1943), which was amended by Public Act 196 of 1997. In February 2003, Madison Heights adopted Michigan's Credit Card Transactions Act known as Public Act 266 of 1995. In August 2004, Madison Heights adopted Electronic Transactions of Public Funds Public Act 738 of 2002. In April of 2004, the Governmental Accounting Standards Board issued new regulations for the purpose of improving disclosure for liabilities associated with future retiree health care costs. Based on these guidelines, the City was required to implement in FY 2007-08 statistics to disclose liabilities and identify contributions to fund these liabilities over the following 30 years.

Under Public Act 149 of 1999, the City is able to invest in a trust fund that offers pension type investments and will increase investment returns. To establish the necessary trust investment vehicles, on May 23, 2005 and February 27, 2006, the City established two Retiree Health Care Trust Funds (one each for Police and Fire Act 345 employees and Michigan Employees Retirement System general employees). From the FY 2006-07 Budget to the FY 2011-12 Budget, the City made the actuarial based contribution to pre-fund this liability.

Effective November 1, 2008 in accordance with the Fair and Accurate Credit Transaction Act of 2003, the City implemented an identity theft program policy.

These policies serve the staff in the preparation of the budget and management of the City's financial affairs. Policies have been established in the following areas: Operating Budget, Revenue, Reserves, Capital Improvements, Debt, Investments, Electronic Transactions of Public Funds, Auditing and Financial Reporting, Credit Cards, Accounting and Identity Theft Prevention.

The City of Madison Heights's financial policies, as compiled below, set forth the basic framework for the overall fiscal management of the City. Operating independently of changing economic circumstances and conditions, these policies assist the decision making process of the City Council and staff. These policies provide guidelines for evaluating both current activities and proposals for future programs.

Most of the policies represent long-standing principles, traditions, and practices, which have guided the City in the past and have helped maintain financial stability.

Operating Budget Policies

1. The City must adopt a balanced budget annually. A balanced budget is when operating budget revenues are equal to operating expenditures. All expenditures or revenues that increase or decrease the budget causing it to be out of balance must be amended by City Council through formal action.

2. The City will attempt to maintain its present service level for all priority and essential services within the existing property tax millage limits. No new services will be added without appropriate trade-offs.
3. The City will maintain a budgetary control system to ensure adherence to the budget and will prepare periodic reports comparing actual revenues and expenditures to budgeted amounts.
4. The City will emphasize efforts to reduce expenditures in major cost centers (i.e. energy, medical insurance premiums, self-insurance liability premiums, communications, information technology, pension cost, worker's compensation premiums and other fringe benefits).
5. The Water and Sewer Fund operations will be self-supporting.

Revenue Policies

1. The City will seek to maintain a diversified and stable revenue system to shelter itself from short-run fluctuations in any one revenue source.
2. The City will attempt to obtain additional revenue sources as a way of ensuring a balanced budget.
3. The City will follow an aggressive policy of collecting revenues.
4. The City will establish all user charges and fees at a level related to the full cost (operating, direct, indirect and capital) of providing the service.
5. The City will review fees and charges annually, and will design or modify revenue systems to include provisions that automatically allow charges to grow at a rate that keeps pace with the cost of providing the service, which includes, but is not limited to, pass-through charges from other jurisdictions and wholesale providers of service to the City.
6. The City will consider market rates and charges levied by other public and private organizations for similar services in establishing tax rates, fees and charges.
7. The City will, to the extent possible, use one-time revenues to fund one-time expenditures instead of financing ongoing programs.
8. The City will evaluate revenue sources to identify those sources that are unpredictable and use conservative estimates in preparing revenue projections.

Reserve Policies

1. The City will establish a revenue reserve (assigned and/or unassigned fund balance in each major fund) to pay for expenses caused by unforeseen emergencies or shortfalls caused by revenue declines. For the General Fund, the long-range goal is that the available reserve will be increased and then maintained at an amount that represents at least eight percent of annual expenditures.
2. The City will strive to establish a contingency expenditure reserve (assigned and/or unassigned fund balance) to provide for unanticipated expenditures of a nonrecurring

nature, or to meet unexpected small increases in service delivery costs. A target amount for this reserve will be one percent of operating funds.

3. The City will meet all current expenditures with current revenue.
4. The City will strive to maintain a Vehicle and Equipment Replacement Account to provide for timely replacement of vehicles and equipment. The amount added to this account by annual appropriation would be the amount required to cover an established vehicle replacement schedule after credit for the sale of surplus equipment and interest earned by the account.
5. The City will establish reserves to comply with the terms and conditions of the debt instruments used to finance capital improvement projects. Capital Improvement projects are large purchases and construction projects costing more than \$30,000.
6. The City shall set aside specific amounts of retained earnings in reserves for future development of capital improvement projects that it has determined to be in the best long-term interests of the City.

As of June 30, 2011, the City has assigned General Fund Fund Balance for vested employee benefits (\$2,352,931), retained insurance risk (\$336,000), capital improvements (\$1,218,389), technology improvements (\$75,000) and subsequent year's expenditures (\$915,005) for a total of \$4,897,325.

In March 2009, the Government Accounting Standards Board issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved have been replaced with five new classifications: nonspendable, restricted, committed, assigned, and unassigned. Amounts that are intended by the City to be used for specific purposes, but are neither restricted nor committed, can be assigned by the City Manager or Assistant City Manager for Administrative Services. The City implemented Statement No. 54 for Fiscal Year ending June 30, 2011.

Capital Improvement Policies

1. The City will develop an inventory of capital needs annually. The capital needs are reviewed to determine what projects and/or assets should be funded. In the past, the cost for some capital improvements has been large enough to warrant a separate millage or bond proposal.
2. The City will develop a multi-year plan for capital improvements, update it annually and make all capital improvements in accordance with the plan.
3. The City's plan will include large capital purchases and construction projects costing more than \$30,000.
4. The City will maintain its physical assets at a level adequate to protect the City's capital investment and to minimize future maintenance and replacement costs. The budget will provide for the adequate maintenance and the orderly replacement of the capital infrastructure and equipment from current revenues where possible.

5. The City will try to ensure that prime commercial and industrial acreage is provided with the necessary infrastructure to meet the market demand for this property.
6. The City will use the following criteria to evaluate the relative merit of each capital project:
 - a. Projects that implement a component of an approved Goal Plan will be a priority when establishing funding.
 - b. Projects specifically included in an approved replacement schedule will receive priority consideration.
 - c. Projects that reduce the cost of operations or energy consumption will receive priority consideration.
 - d. Projects that duplicate other public and/or private services will not be considered.
 - e. Priority will be given to those projects that directly support development efforts in areas with a majority of low to moderate-income households.

Debt Policies

1. The City will consider use of debt financing only for one-time capital improvement projects such that revenue is of a sufficient amount, and the projects' term of financing will not exceed the useful life of the projects.
2. The net bonded indebtedness incurred for all public purposes shall not at any time exceed ten (10) percent of the assessed value of all real and personal property in the City.
3. The amount of emergency loans that the Council makes under provisions of Section 10.1 subsection (3) of the Charter may not exceed three-eighths of one percent of the assessed value of the real and personal property in the City.
4. The total amount of special assessment bonds pledging the full faith and credit of the City shall not at any time exceed twelve percent of the assessed value of all real and personal property in the City.
5. The City will not consider the use of debt financing to support current operations.
6. The City will maintain a sound relationship with all bond rating agencies and will keep them informed about our current capital projects.
7. The City will publish and distribute an Official Statement for each bond issue.

As of June 30, 2012, the legal debt limit (10 percent of total assessed valuation) will be \$81 million. The City will have \$5.4 million debt for the Fire Station Bonds and Fixed Network Water Meter Reading System General Obligation Limited Tax Bonds applicable to the limit in 2012.

Investment Policy

1. The City will invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the entity and conforming to all State statutes and local ordinances governing the investment of public funds.
2. This investment policy applies to all financial assets held by the City other than Police and Fire Retirement Fund and the Parks Maintenance and Improvements which are governed by Public Act 314 of 1965 as amended.
3. The City's investments shall be reasonably diversified by specific maturity dates, and/or individual financial institutions or a specific class of securities.
4. In managing its investment portfolio, the Assistant City Manager for Administrative Services serving as the Investment Officer or their designee should avoid transactions that might impair public confidence. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of these affairs, not for speculation, but for investment, considering the probable safety of this capital as well as the probable income to be derived.
5. The City's officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair or create the appearance of an impairment on their ability to make impartial investment decisions.
6. The City is empowered by State statute (1943 P.A. 20 as amended by 1988 P.A. 285, and Section 1 as amended by 1997 P.A. 44) to invest in the following types of securities:
 - a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
 - b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is eligible to be a depository of funds belonging to the state under a law or rule of this state or the United States.
 - c. Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after date of purchase.
 - d. Repurchase agreements consisting of instruments in subdivision (a).
 - e. Bankers' acceptances of United States banks.
 - f. Obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
 - g. Mutual funds registered under the Investment Company Act of 1940, Title I of Chapter 686, 54 Stat. 789, 15 U.S. C. 80a-1 to 80a-3 and 80a-4 to 80a-64, with authority to purchase only investment vehicles that are legal for direct investment by a public corporation. However, a mutual fund is not disqualified as a

permissible investment solely by reason of either of the following:

- (i) the purchase of securities on a when-issued or delayed delivery basis;
 - (ii) the ability to lend portfolio securities as long as the mutual fund receives collateral at all times equal to at least 100% of the value of the securities loaned; and
 - (iii) the limited ability to borrow and pledge a like portion of the portfolio's assets for temporary or emergency purposes.
 - h. Obligations described in subdivision (a) through (g) if purchased through an inter-local agreement under the Urban Cooperation Act of 1967, 1967 (Extra Session) PA 7, MCL 124.501 to 124.51.
 - i. Investment pools organized under the Surplus Funds Investment Pool Act, 1982 PA 367, MCL 129.111 to 129.118.
 - j. The investment pools organized under the Local Government Investment Pool Act, 1985 PA 121, MCL 129.141 to 129.150.
7. The Investment Officer is restricted to investments in any one single issue or obligation of \$3,000,000 or less, which meet the statutory restrictions above.
8. Except for cash in certain restricted and special accounts, the investment officer may pool cash of various funds to maximize investment earnings. Investment income shall be allocated to the various funds based upon their respective participation.
9. The City maintains its records on the basis of funds and account groups, each of which is considered a separate accounting entity. All investment transactions shall be recorded in the various funds of the City in accordance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board. Accounting treatment will include carry investments at cost or amortized cost which approximates market and amortizes the premium or discount over the life of the investment.
10. The Investment Officer will submit an annual investment report that provides the principal and type of investment by fund, annualized yield, ratio of cash to investments, earnings for the current reporting period and year-to-date, and a summary report of cash and investments maintained in each financial institution. Performance of the portfolio will be reported periodically and submitted to the City Manager. Reports will be submitted at a minimum on an annual basis. Material deviations from projected investment strategies will be reported immediately to the City Manager.
11. The Investment Officer shall establish a system of internal controls, which are designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the Finance/Treasurer Department. Required elements of the system of internal controls shall include 1) the timely reconciliation of all bank accounts (i.e., monthly reconciliation within 30 days of the end of the monthly cycle), and 2) details of delivery versus payment procedures and trust receipt documentation.

Electronic Transactions of Public Funds Policy

1. Authority to enter into Automated Clearing House (ACH) agreements and electronic transfer for public funds.

The Assistant City Manager for Administrative Services serving as the Treasurer may enter into an ACH agreement as provided by Public Act 738 of 2002, hereinafter “the Act”, effective December 30, 2002. The City Council has adopted a resolution to authorize electronic transactions of public funds and have received a copy of the policy. Applicable definitions in the Act shall apply.

2. Responsibility for ACH.

The Treasurer shall be responsible for all ACH agreements, including payment approval, accounting, reporting, and generally overseeing compliance with the ACH Policy. The Treasurer shall submit to the City Manager documentation detailing the goods or services purchased, the cost of goods or services, the date of the payment, and the department(s) serviced by the payment. This report can be contained in the electronic general ledger software system or in a separate report to the governing body of the City Manager.

3. The following system of internal accounting controls shall be used to monitor the use of ACH transactions.

The Treasurer shall be responsible for the establishment of ACH agreements. The Treasurer shall make arrangements for those accounts to be paid by ACH or electronic transfers.

Upon receipt of an invoice for payment for accounts paid by ACH, the Department Head shall approve payment and notify the Treasurer to arrange for the appropriate debit to the City’s accounts.

For payment of state and federal payroll taxes, the Treasurer shall initiate payment to the proper authority upon receipt of the information from the payroll department using the established Electronic Federal Tax Payment System (EFTPS) and state programs.

For deposits from state, county, and/or federal authorities, and from third-party payment processors (e.g. banks, vendors), the Treasurer shall obtain the amount of the deposit and send a notice to the person responsible for accounting records.

All invoices shall be held by the Finance Department along with copies of payment notices.

The Treasurer reserves the right to amend this policy relating to any other matters the Treasurer considers necessary.

Auditing and Financial Reporting Policies

1. An independent audit will be performed annually.
2. The City will produce annual financial reports in accordance with Generally Accepted Accounting Principles (GAAP) as outlined by the Governmental Accounting Standards Board.
3. The City will maintain a strong internal audit capability.

Credit Card Policy

1. The City's Assistant City Manager for Administrative Services serving as the Finance Director is responsible for the City of Madison Heights credit card accounting, monitoring, and generally for overseeing compliance with this credit card policy. The Human Resources Director is responsible for credit card issuance and retrieval.
2. A credit card may be used only by an officer or employee of the City of Madison Heights for the purchase of goods or services for the official business of the City of Madison Heights. In addition, any administrative policy that may be implemented by the City Manager may limit the specific official business for which credit cards may be used.
3. An officer or employee using credit cards issued by the City of Madison Heights shall submit to the Finance Department documentation detailing the goods or services purchased, the cost of the goods or services, the date of the purchase, and the official business for which purchased.
4. An officer or employee issued a credit card is responsible for its protection and custody and shall immediately notify the Finance Director if the credit card is lost or stolen.
5. An officer or employee issued a credit card shall return the credit card upon the termination of his or her employment or service in office with the City of Madison Heights.
6. The Finance Director shall establish a system of internal accounting controls to monitor the use of credit cards issued by the City of Madison Heights.
7. The approval of credit card invoices by the utilizing department shall be completed before payment.
8. The balance including interest due on an extension of credit under the credit card arrangement shall be paid for within 60 days of the initial statement date. The City of Madison Heights shall comply with this provision.
9. Disciplinary measures shall be consistent with law for the unauthorized use of a credit card by an officer or employee of the City of Madison Heights.

Accounting Policies

The accounting policies of the City conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant accounting policies:

1. Basis of Accounting

Modified Accrual is a “basis of accounting” that determines when a transaction or event is recognized in the fund’s operating statements. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred.

The Water and Sewer Fund and Police and Fire Retirement Fund use the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when they are both measurable and earned, regardless of when the cash is received. Expenses are recorded when incurred. Otherwise, all governmental funds and other funds utilize the modified-accrual basis of accounting. The City is legally subject to the budgetary control requirements of the State of Michigan Public Act 621 of 1978, as amended (the Uniform Budgeting Act). Budgets must be adopted for the General Fund, Special Revenues Funds and Debt Service Funds. The City adopts its budget by activity, which is in accordance with the State’s legal requirements. The budget follows the type of accounting that the State of Michigan directs. Modifications in such method from the accrual basis are as follows:

- a. Property taxes and other revenue that are both measurable and available for use to finance operations of the City are recorded as revenue when earned. Other revenue is recorded when received.

Properties are assessed as of December 31 and the related property taxes become a lien on the following July 1. These taxes are due on August 31 with the final collection date of February 28 before they are added to the County’s delinquent tax rolls with penalties.

- b. Non-current receivables, such as special assessments, are recorded at full value and deferred revenue is recorded for the portion not available for use to finance operations as of year-end.
- c. Interest income on special assessment receivable is not accrued until its due date.
- d. Interest on bonded indebtedness and other long-term debt is not recorded as an expenditure until its due date.
- e. Payments for inventory types of supplies are recorded as expenditures at the time of purchase.

- f. The non-current portion of vested employee benefits is reflected in the General Long-Term Debt Group of Accounts.

2. Budgeting

All appropriated funds are budgeted for on a modified accrual basis. In particular, employee wages are budgeted to account for the number of days scheduled for each fiscal year.

3. Fund Accounting

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts, recorded cash and/or other resources together with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of performing specific activities or attaining certain objectives. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate “fund types.”

A. Governmental Funds

General Fund: The General Fund contains the records of the ordinary activities of the City that are not accounted for in another fund. General Fund activities are financed by revenue from general property taxes, state-shared revenue and other sources.

Special Revenue Funds: Special Revenue Funds are used to account for activities that are substantially funded by a specific external revenue source that is restricted or committed to a specific purpose.

Debt Service Funds: Debt Service Funds are used to account for the annual payment of principal, interest and expenses in connection with certain long-term debt other than debt payable from the operations of an enterprise fund.

B. Proprietary Funds

Enterprise Fund: The Enterprise Fund is used to account for the results of operations that provide a service to citizens that is financed primarily by a user charge for the provision of that service. The Water and Sewer Fund is the City’s only Enterprise Fund.

Internal Services Funds: Internal Services Funds are used to account for activities that provide services to other funds or departments within the local government. The Motor Pool Fund is the only Internal Service Fund in the City, which provides services on a cost reimbursement basis.

The Proprietary Funds are unique to governmental accounting. Unlike most other funds, these funds are treated similar to private businesses; in other words, the cost associated with these funds must be recovered through revenue generated from their services. Capital related charges in these funds are budgeted based upon actual cost, however

for accounting purposes these capital purchases are recorded as assets and depreciated over their useful life.

C. Fiduciary Funds

Trust Funds are used to account for assets held by the City in a trustee capacity or as an agent for individual, organizations, other governments or other funds. These include both the Police and Fire Retirement Fund and Retiree Health Care Fund, as well as the General Retiree Health Care Fund, and Tax Collection and Escrow Funds. The Police and Fire Retirement Funds and both Retiree Health Care Funds are accounted for in the same manner as proprietary funds. Tax Collection and Escrow Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

D. Fixed Assets and Long-term Liabilities

Fixed Assets and Long-term Liabilities: Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Group of Accounts, rather than in the governmental funds. Such assets, which are recorded as expenditures at the time of purchase, do not include certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and lighting systems. No depreciation is recorded for general fixed assets.

All fixed assets are recorded at cost or, if donated, at their estimated fair value on the date donated.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Group of Accounts, not in the governmental funds.

Identity Theft Policy

The risk to the City, its employees and customers from data loss and identity theft is of significant concern to the City and can be reduced only through the combined efforts of every employee and contractor.

The City adopts this sensitive information policy to help protect employees, customers, contractors and the City from damages related to the loss or misuse of sensitive information.

This policy will:

1. Define sensitive information;
2. Describe the physical security of data when it is printed on paper;

3. Describe the electronic security of data when stored and distributed; and
4. Place the City in compliance with state and federal law regarding identity theft protection.

This policy enables the City to protect existing customers, reducing risk from identity fraud, and minimize potential damage to the City from fraudulent new accounts. The program will help the City:

1. Identify risks that signify potentially fraudulent activity within new or existing covered accounts;
2. Detect risks when they occur in covered accounts;
3. Respond to risks to determine if fraudulent activity has occurred and act if fraud has been attempted or committed; and
4. Update the program periodically, including reviewing the accounts that are covered and the identified risks that are part of the program.

This policy and protection program applies to employees, contractors, consultants, temporary workers, and other workers at the City, including all personnel affiliated with third parties. The detailed policy can be found on the City's website at www.madison-heights.org.

BUDGET REQUIREMENTS

Uniform Budgeting Act Requirements

The City is legally subject to the budgetary control requirements of State of Michigan Public Act 621 of 1978 as amended (the Uniform Budgeting Act). The following is a summary of the requirements of this Act, as amended according to the State Treasurer's "Bulletin for Audits of Local Units of Government in Michigan" dated April 1982 as amended by Public Act 493 of 2000:

1. Budgets must be adopted for the General Fund and Special Revenue Funds.
2. Budgeted expenditures cannot exceed budgeted revenues and fund balance.
3. The budgets must be amended when necessary. Process for amendments is detailed in Budget Process Overview.
4. A public hearing must be held before budget adoption.
5. Expenditures cannot exceed budget appropriations.
6. Expenditures must be authorized by a budget before being incurred.

The City adopts its budget by activity, which is in accordance with the State's legal requirement and is the level of classification detail at which expenditures may not legally exceed appropriations.

City Charter Requirements

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. On or before the third Monday in April, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. On or before the third Monday in May, the budget is legally enacted through passage of a resolution.
4. The City Manager is authorized to transfer budgeted amounts between line items within an activity category; however, any revisions that alter the total expenditures of any activity must be approved by the City Council.

BUDGETING CONTROLS

Internal Controls

The annual budget provides a basis of control over financial operations. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the approved budget. Activities of the General Fund, Special Revenue Funds, Debt Service Funds and Enterprise Fund are included in the annual appropriated budget. The level of budgetary control (that is the level at which expenditures cannot legally exceed the appropriated amount) is established by function and activity within each individual fund. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

Independent Audit

State statutes and the City Charter require an annual audit of all accounts of the City by certified public accountants selected by the City Council. This requirement has been fulfilled by Plante & Moran, Certified Public Accountants, for many years. The auditor's report on the general purpose financial statements is included in the financial section of the Comprehensive Annual Financial Report. The auditor's report that relates specifically to the federal funds' single audit is reported under separate report.

BUDGET PROCESS OVERVIEW

The Annual Budget covers a twelve month period beginning July 1st and ending June 30th.

There are several goals associated with the preparation and development of the City's annual budget document. First, the budget is a financial plan and management tool. The document should assist staff in monitoring revenues and expenditures and in evaluating the effectiveness of City program and services. Second, the budget serves as an important reference document. It should provide staff, City Council and the general public with extensive information on the nature and scope of municipal operations and services.

Departmental Budget Requests

The budget preparation process includes the development of a five year capital improvement plan. Particular attention is given to providing sufficient justification for these budget requests.

Building the Proposed Budget

Under the direction of the City Manager, and with the assistance of Oakland County Equalization, Department Heads, the Assistant City Manager for Administrative Services (serving as the Finance Director) prepares an initial projection of revenues for the next fiscal year. This projection is based on reasonable assumptions of revenue generated by estimated property values and current user fees, and the most current information from the State.

Next, the City Manager establishes budget allocations for existing funding priorities and the strategy of proportioned allocations (including reduction if necessary) for each department based on available revenue. Spending priorities are based on the City's financial policies and mandated requirements, and focus on maintaining priority services, covering insurance and bond requirements, and the balancing of staff, supplies and equipment.

Budget Review and Analysis

All funding requests are sent to the City Manager and Assistant City Manager for Administrative Services (serving as Finance Director) for review and evaluation. The objectives of this phase are to:

- a. Ensure that the intent of all budget requests are understood and complete.
- b. Gain greater understanding of departmental goals, objectives and operations for the coming fiscal year.
- c. Determine how proposed budgetary programs and associated changes are related to department goals and objectives.
- d. Develop comprehensive information and/or request further justification on budgeted items.

Various analytical techniques are utilized in evaluating departmental budget requests. Some of these include: analysis of workload and levels of services, evaluation of historical expenditure patterns, projection of inflationary price increases, as well as review of departmental operations.

City Manager Review

Review sessions are scheduled with the City Manager. After these discussions, the City Manager makes his final adjustments and works with the Assistant City Manager for Administrative Services (serving as Finance Director) and staff to prepare the draft of the Proposed Budget.

City Council Adoption

After receiving the Proposed Budget, work session(s) are conducted with the City Council to familiarize members of the Council with its contents. A public hearing is conducted to assure that persons and organizations are provided an opportunity to comment. The City Council then makes its revisions and adopts the budget for the next fiscal year.

Budget Amendments

The City Manager is authorized to make Budgetary transfers as needed within the appropriation centers established throughout the Budget, any other transfers between appropriations may be made only by further action of the Council, pursuant to the provisions of the Michigan Uniform Accounting and Budget Act.

Budget Calendar

Economic Outlook and Gap Resolution Process

September to mid-November	Staff financial team develops three year financial forecast and future funding presentation
October to November	Staff and Council review forecast results and presentation, and Council provides direction

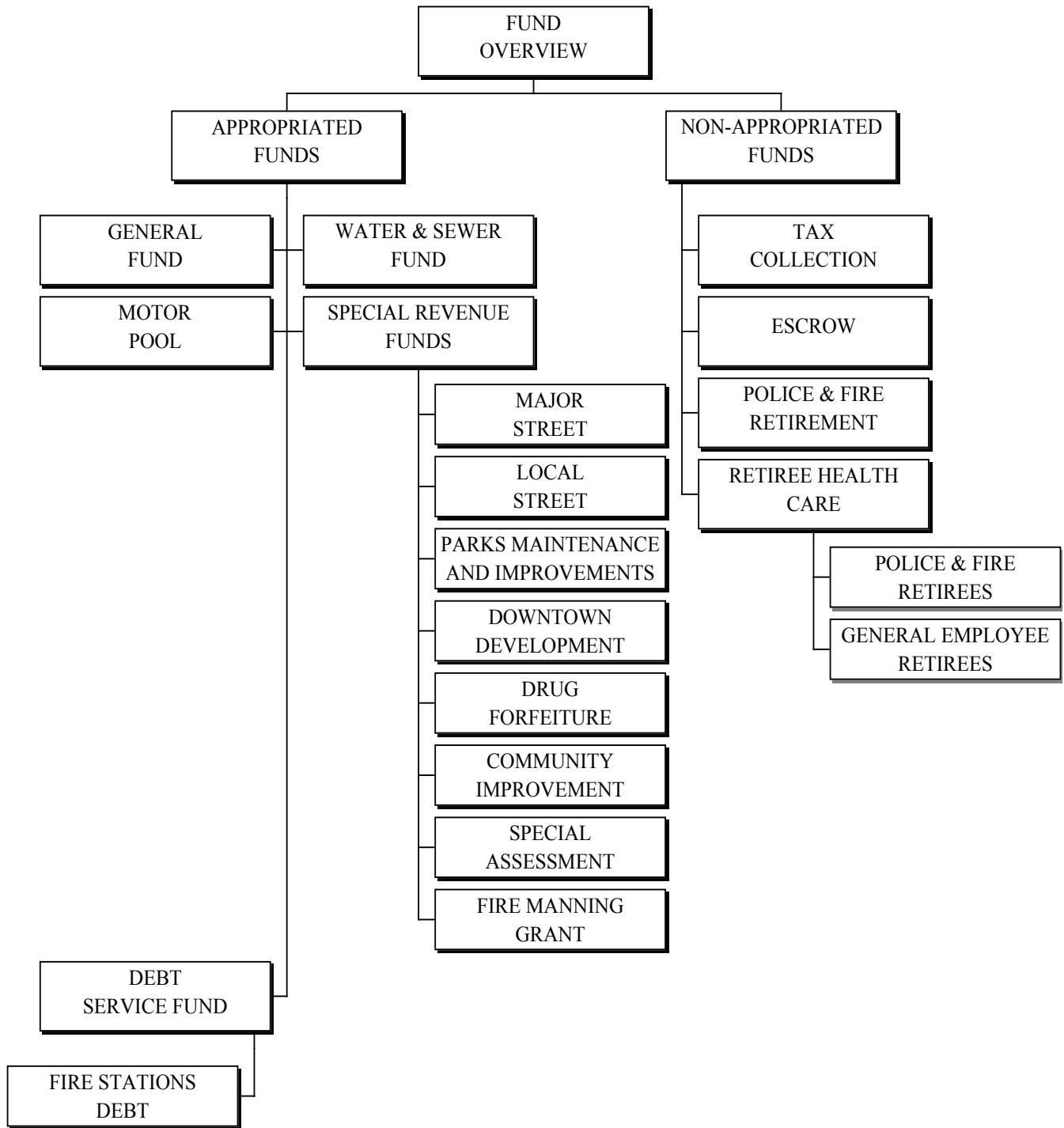
Capital Improvement Plan

Late October	City Manager requests that departments submit Capital requests for Five-Year Capital Improvement Plan (CIP) (over \$30,000)
Mid November	Department of Public Service and Community Development Department complete road evaluation
Late November	Final deadline for CIP requests to City Manager
Early December	Preparation of CIP worksheets, maps, graphs and tables for presentation
Mid December to Early January	Staff compiles requests and prepares the Five-Year CIP document
Late January	Presentation of Five-Year CIP to City Council

Operating Budget

Early January to Late February	Preparation of Personnel Schedules by Finance Department; Solid Waste and Motor Pool budgets submitted
Mid January to Mid February	Department Heads submit changes in user fees to Finance
Mid February	Operating Budget Department Training Session
Late February	Deadline for submission of department budgets
Late February to Early March	City Manager's review of budget request with Department Heads
March	Staff compiles draft budget and City Manager prepares Budget message and narrative chapters
Early March to Early May	Council Budget Workshop Session(s)
Early April	City Manager and staff resolve remaining budget concerns and other questions
Mid April	Staff produces Proposed Budget for submission to City Council
Mid April	Assistant City Manager for Administrative Services and City Clerk publish notice of public hearing on millage rates and budget adoption
Third Monday in April	City Manager presents budget to Council
Second Monday in May	Public Hearing on the Budget. City Council adopts Annual Operating Budget and Tax Levy
May/June	Staff produces Adopted Budget document and distributes to City Council, Department Heads and Public
Late January/Early February	Staff proposes and Council reviews and approves amendments, if needed (no special notices or public hearing required)
Late June	Staff proposes and Council reviews and approves year-end budget amendments, if needed (no special notices or public hearing required)

BUDGET FUND STRUCTURE



BUDGET FUND STRUCTURE

The budget is organized by funds, and funds are organized by departments, divisions, or functions. A description of each of the funds is listed below. The comprehensive budget document is comprised of both appropriated and planned operating funds (non-appropriated) as shown on the facing page.

Fund Descriptions

The City maintains accounts for 17 separate funds. The Budget includes the 12 funds that are appropriated by the City Council. The appropriated funds can be divided into five groups of funds based on the type of financial activities. The groups include the General Fund, Special Revenue Funds, Debt Service Funds, Internal Service (Motor Pool) Fund and Enterprise (Water and Sewer) Fund.

The General Fund, Major Street Fund, Local Street Fund, Special Assessment Revolving Fund, and Water and Sewer Fund are considered to be major funds. Major funds are funds whose revenues, expenditures/expenses, assets or liabilities (excluding extraordinary items) that are at least 10 percent of corresponding totals for all governmental or enterprise funds and at least five percent of the aggregate amount for all governmental and enterprise funds.

Appropriated Funds

1. General Fund

The General Fund contains the records of the ordinary activities of the City that are not accounted for in another fund. These activities are funded by revenues from general property taxes, state-shared revenues, court fines and fees, charges to other funds for services, permits, user fees and other sources. The Budget establishes revenues and expenditures for the activity budgets (the level on which expenditures should not exceed appropriations).

2. Enterprise Fund - Water and Sewer Fund

The Water and Sewer Fund is used to account for the provision of water and sewer services to the residents of the City financed primarily by user charges. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, maintenance, construction, billing and collection.

3. Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources that are restricted for expenditures for specific purposes. The City has eight Special Revenue Funds that are accounted for separately. A description of the Special Revenue Funds maintained by the City are as follows:

Major Street Fund

The Major Street Fund's purpose is to account for expenditures associated with the construction and maintenance needs of the portion of the City's street network designated as major streets by the Michigan Department of Transportation (MDOT). Financing is provided by the City's share of state gas and weight taxes, grants, interest on investments, special assessments and maintenance agreements with the Road Commissions of Oakland and Macomb Counties.

Local Street Fund

The Local Street Fund's purpose is to account for expenditures associated with the construction and maintenance needs of the portion of the City's street network designated as local streets by MDOT. Financing is provided by the City's share of state gas and weight taxes, transfers from other funds (Major Street Fund and General Fund), special assessments and interest on investments.

Parks Maintenance and Improvement Fund

On May 14, 2007, the City entered into a license, use and maintenance agreement with the George W. Kuhn Drainage District and the Oakland County Parks and Recreation Commission regarding the 10-acre Red Oaks Soccer Complex. As consideration for the City's agreement to maintain the Complex for the next 25 years, the City received \$850,000 with limited restrictions of its use. This Fund was established to support maintenance and improvements for both the Red Oaks Soccer Complex and other City parks. Public Act 404 of 2008 allows the City to use a long-term investment strategy for idle funds.

Downtown Development Authority Fund

The Madison Heights Downtown Development Authority (DDA) was created in June 1997, pursuant to Act 197 of Public Acts of 1975 of the State of Michigan. The primary objective of the DDA is to establish the legal basis and procedure for the capture and expenditure of tax increment revenues in accordance with P.A. 197 of 1975 as amended, for the purpose of stimulating and encouraging private investment in the south commercial district through the provision of services and public improvements.

Drug Forfeiture Fund

The Drug Forfeiture Fund is used to account for revenues generated by drug forfeiture and expenditures related to the enforcement of drug laws per Public Act 251 of 1982.

Community Improvement Fund

The Community Improvement Fund accounts for the City's Community Development Block Grant and Housing Commission funds received from the United States Department of Housing and Development (HUD). These funds are utilized for the Senior Citizen Home Chore Program, minor home repair, barrier-free improvements and other projects that benefit low and moderate-income residents. This Division also provides assistance to low-income families with low interest and/or deferred home

improvement loans. Under the City's Housing Commission program, federal funds are used to subsidize rent payments for over 250 low-income tenants.

Special Assessment Revolving Fund

The Special Assessment Fund is used to record revenues and related project expenditures for special assessment districts, and City Council is able to authorize advancement of funds that are not supported by bond issues.

Fire Manning Grant Fund

The Fire Manning Grant Fund was created to account for the United States Department of Homeland Security Federal Emergency Management Agency's Staffing for Fire and Emergency Response (SAFER) Grant awarded to the City on December 31, 2010. The grant provided the funding to bring back two fire fighters that were laid off on June 30, 2010 due to the General Fund's financial constraints. The Fire Manning Grant Fund will account for the reimbursement of the majority of expenses (excludes overtime and uniform allowance) associated with the two firefighter positions for a two year period starting January 17, 2011.

4. Internal Services Fund – Motor Pool Vehicle and Equipment Fund

The Motor Pool Vehicle and Equipment Fund is used to account for the cost of operating and maintaining all City vehicles, and rolling and motorized equipment. The Motor Pool Division is also responsible for keeping adequate vehicle and equipment parts in stock; ordering gasoline and diesel fuel; and overseeing the work done on all emergency backup generators.

5. Debt Service Fund – Fire Stations Debt Service Fund

The Fire Stations Debt Service Fund accounts for principal and interest payments made on general obligation bonds issued to construct the Fire Station Headquarters, demolish and redevelop the old building site and to complete renovations to Fire Station #2.

Non-Appropriated/Fiduciary Funds

The Non-Appropriated Funds maintained by the City include the following:

1. Tax Collection Fund

The Tax Collection Fund is used to account for the collection of property taxes and repayment of property taxes collected by the City on behalf of other taxing jurisdictions.

2. Escrow Fund

The Escrow Fund is used to record deposits by outside individuals or organizations. The City acts as a trustee for these funds.

3. Trust Funds

Police and Fire Retirement Fund

The Police and Fire Retirement Fund is used to account for the accumulation of resources to be used for retiree medical costs, retirement pension and annuity payments. The fund accounts for management fees, auditing and actuarial fees related to the system, some administrative costs, and pension and retiree health benefits. Resources are provided by contributions from employees at rates fixed by labor agreement and contributions from the City at amounts determined by an annual actuarial valuation. The City's contributions are funded through a special millage authorized by Public Act 345 of 1937.

Retiree Medical Health Care Funds

The Police and Fire Retiree Health Care Trust, as authorized by Public Act 149, was established in 2006 for the exclusive purpose of accumulation of resources required for retiree health care benefits for eligible Police and Fire sworn employees. Retiree health care benefits may include health care, dental, and life insurance benefits or other such benefits. Resources for this fund are provided by contributions from the City at amounts determined by a biannual actuarial valuation. The City's contributions are funded through a special millage authorized by Public Act 345 of 1937.

The General Employees Health Care Trust was established in 2005 for the exclusive purpose of accumulation of resources required for retiree health care benefits. Retiree health care benefits may include health care, dental, and life insurance benefits or such other benefits. Resources for this fund are provided by contributions from the City at amounts determined by a biannual actuarial valuation. This Trust has been established through the Michigan Employees Retirement System (MERS) as authorized by Public Act 149.

APPROPRIATIONS CHAPTER

The Appropriations Chapter provides the backup and support materials for concepts and programs introduced in the Budget Overview. This chapter outlines changes to the base budget that are necessary for the City to meet its existing obligations in the new budget year.

Changes to the Base Budget

Personal Services

Wages

The personal services account group includes funding of \$20.2 million or over 43.0 percent of all funds appropriation totals. The budget for the personal services accounts are down a combined \$2.2 million, or 9.7%, principally due to the new labor agreements and changes to the funding of retiree health care. In the General Fund, personal services make up over \$17.8 million or 68.1 percent of the budget. With the exception of seven executive and administrative employees, the City's full-time workforce belongs to one of eight bargaining units. The Budget includes wages; scheduled step adjustments based on years of service; full funding of appropriate cost-of-living adjustments, longevity, police and fire holiday, education, uniform, food and fire fighter paramedic premium pays; and related impact on salary driven fringe benefits. Base wages were frozen for FY 2012-13, and non-sworn employee wages were cut for five holidays for a 1.9% reduction, and sworn employees lost five days of extra holiday pay. The employees' contribution to their pensions were increased by 2.5%.

Status of Labor Negotiations

As of July 1, 2012, 148 of 155 full-time City employees, or 95%, belong to one of eight bargaining units. Of course, with this high percentage of unionized workforce, it has been very time consuming, costly and difficult to initiate the type of change that has been necessary to meet our financial challenges.

The current bargaining units include:

1. Madison Heights Court Clerks Association
2. Department Heads Union - American Federation of State, County and Municipal Employees (AFSCME) Council 25 Local 1917.34
3. Supervisors and Assistants Union - AFSCME Council 25 Local 1917.33
4. Municipal Employees Union - Technical, Professional and Officeworkers Association of Michigan (TPOAM)
5. Department of Public Service - TPOAM
6. Madison Heights Police Officers Union (Public Act 312 coverage)
7. Madison Heights Police Command Officers Association/Police Officers Labor Council (POLC) (Public Act 312 coverage)
8. Madison Heights Fire Fighters Association (Public Act 312 coverage)

All eight bargaining units now have contracts in place that run through June 30, 2013.

Medical Costs

- Health Care Coverage - Current Employees

The largest fringe benefit cost is \$5.0 million for health care coverage. For the purpose of negotiated benefits, employees are divided into two groups: active (currently employed) and retired. On January 1, 2012, all active employees have been moved to Blue Cross - Blue Shield Community Blue 4 Plan. The plan has a deductible of \$500 for single, \$1,000 for couple/family and 20% co-pay for expenses over the deductible up to a maximum of \$1,500 for single and \$3,000 for couple/family per year. The new plan also requires per visit fees of \$30 for doctor office visits, \$30 for urgent care clinic and \$150 for emergency room.

The City's new medical insurance premiums for active employees moved to \$5,680 single, \$13,633 couple and \$17,041 family per year effective January 1, 2012.

In 1994, the City instituted a health care cost measure that provided the employees financial incentives to move to the HMO, or switch to coverage by their former employers or spouse's employer health provider insurance. Under the new labor agreements, the annual HMO incentive payment was eliminated.

As of January 1, 2012, the City's active employees maintain the following coverage: 134 Community Blue 4; and 12 employees that have dropped City insurance due to coverage being provided otherwise. The City's retirees maintain the following coverage: Medicare Advantage, 85; PPO, 132; and HMO, 22.

At the conclusion of the last round of negotiations, the City has in place a new cost containment measure moving all active employees to a \$5 generic, and \$40 preferred brand and \$80 non-preferred brand prescription co-pay program.

To partially offset the cost to employees for the higher prescription drug card deductible, the City has extended the allowable employee medical reimbursement of \$125 per year for co-pays of physicals and prescription out-of-pocket expenses to include dependent family members.

Effective January 1, 2012, the City established a Section 125 Cafeteria Plan for qualified medical expenses compliant with all IRS regulations for employees to contribute money on a pre-tax basis up to a limit set by the employer in compliance with IRS regulations and Health Care Reform. No City contribution is provided.

- Health Care Coverage - Retirees

The actual overall medical, dental and life insurance costs for retirees is increasing by \$298,000, or 11.3%; however, the budget for these line items is being offset by a shift in expenses from the General Fund to the two Retiree Health Care Trusts. This shift in expenses actually causes the General Fund Budget for retiree health coverage to increase by only \$5,100 from last year. The total monthly premiums for retirees in the Court, General Administration, and Solid Waste have been shifted from pay as you go General Fund expenditures to monthly expenses of the General Employees Retiree Health Care Trust. This shift began as a Gap Reduction Measure for Fiscal Year 2012. In Fiscal Year 2012, the City also shifted two months of the retiree health care premiums from the sworn Police and Firefighters Retirement Fund to the Police and Fire Healthcare Trust. Only two months were shifted so as to keep the Police and Fire Pension Trust within the Internal Revenues Code Section 401(h) funding requirements of 25% of contributions.

- Pensions

The second largest fringe benefit cost component is the employer's contribution to the employee retiree pension plans. The City's full-time workforce is divided into two pension groups. All Police and Fire sworn employees are members of the Police and Fire Pension Fund established pursuant to Michigan Public Act 345. The remainder of the full-time employee workforce is covered by the Municipal Employees' Retirement System (MERS).

The budget for the employer contribution to the Police and Fire Pension Fund is \$1.3 million, or 19.9%, of total wages based on the City actuary's 2011 recommended contribution rate. In regard to the MERS plan, the pension contribution is budgeted by union group, ranging from \$978 for Police Service Aides to \$23,858 for non-Union Court Employees and Department Heads. The average MERS contribution rate for FY 2012-13 is \$10,410.

All non-sworn union groups and non-union employees have agreed to change pension benefits for new hires from a defined benefit to a defined contribution plan. The City will fund employee accounts at 7.0% of salary, with the employee contribution varying by union.

- Pre-funding Retiree Health Care

In April 2004, the Governmental Accounting Standards Board (GASB) issued new regulations for the purpose of improving disclosure for liabilities associated with future retiree health care costs, similar to the existing pension obligation disclosure requirements. Based on these new GASB guidelines, the City is now required to disclose our liabilities and contributions to fund these liabilities over the next 30-year time frame.

As of June 30, 2010, the liability has been calculated to be \$48.8 million over the next 30 years. Based on two studies of these projected liabilities, the actuary has set contribution rates of 32.5% and 49.19% of total wages for Police and Fire Pension and MERS Pension employees, respectively. This is a large increase given the actuarial study of June 30, 2008 set contribution rates at 11.8% and 15.8% of total wages for Police and Fire Pension and MERS Pension employees, respectively. The budget includes level funding for departments at the June 20, 2008 recommended percentages with a lump sum for general employees only budgeted in the General Administration budget bringing the general employees closer to the recommended contribution rate. This funding strategy was started in Fiscal Year 2011 and is continued in FY 2012-13 with a total contribution of \$2.4 million to the Retiree Health Care Trust.

- Dental Coverage

Based on the settlement of the recent labor agreements, all employees have been moved to the Delta Premier PPO, with an annual benefit to \$1,500 per year, for specified dental procedures. In addition, the City provides a maximum \$1,000 lifetime benefit for orthodontics. Dental and orthodontic coverage rate remained constant at \$982 per employee per year. In 2011, costs dropped by 21.4% as a result of the City moving to self-insurance.

- Life Insurance Coverage

The Fire Fighters, Police Command Officers, Police Officers and the Department Heads' bargaining groups receive \$50,000 life insurance policies for active employees. The Municipal Employees Union; DPS Employee - Field Workers (TPOAM); the Supervisors and Assistants Union; and the Court

Clerks have a \$35,000 policy. Many retirees receive \$10,000 in coverage. The annual premiums for these coverages for active employees are \$207 for the \$50,000 policy and \$145 for the \$35,000 policy. Also, as part of the new labor agreements, life insurance is no longer provided for new hires.

- Worker's Compensation

Until 2010, the City made significant contributions to the Worker's Compensation Insurance Fund to compensate employees for lost wages resulting from on-the-job injuries. Despite workplace safety programs, and improved equipment and supervision used by the City to protect workers, the workforce has experienced several serious long-term injuries in Public Service, Police and Fire.

In the past, the City was fully insured for workers compensation through the MML municipal pool utilizing Meadowbrook as a third party administrator. As part of the FY 2010-11 Budget, the City moved to a self insurance plan where the City contracts with a third party administrator (Citizens Management) and converted to pay-as-you-go claims. The fixed cost to self insure would be \$33,700 for excess insurance (to provide protection for the City against a high number of workers compensation claims) and \$19,800 for a Third Party Administration fee including loss prevention, counseling and a required \$1,500 state assessment. The variable costs are now the pay-as-you-go claims which will fluctuate from year to year. However, over the prior five years our total losses have averaged \$165,500 with \$38,400 being the lowest and \$299,700 being the highest. Based on the City's historical claims data the average savings should be \$161,600 annually. In addition, the City now has control over administration and more loss prevention support and education to prevent injuries from happening. Savings will be across all funds and are estimated at 42.3% of actual workers compensation premium paid during FY 2009. The actual cost for the first year of the program was \$163,000.

- Other Benefits

Optical insurance rates were held constant at \$95 per employee per year for family coverage.

Short-term and long-term disability premium costs have dropped by 7.4% to \$63,800.

The employer's contribution rates for Social Security (6.2% of eligible wages), Medicare (1.45% of eligible wages), sick leave buy back rates, all uniform allowances and firefighter food allowance remained the same. The only other change in the budget allocated to these items is a result of changes in staffing costs to which these rates are being applied and the Federal government annual increase in the maximum wage to charge Social Security payroll tax.

- Employee Wellness Program

Funding for the Employee Wellness Program bonuses has been frozen for another year at current levels.

- Longevity Pay

Historically, the City has provided employees with longevity pay based on achieving their anniversary dates at 5, 10, 15 and 20 years, with awards of longevity pay based on their salary of 2%, 4%, 6% and 8% of wages, respectively. In regard to the Police Officers Union, new hires after 1994 receive 1%, 3%, 5% and 6% as they hit the four anniversary dates. Police Command Officers have the same adjusted longevity pay as the Police Officers Union for employees hired after 1997. Starting in 1994, the City has been attempting to eliminate longevity pay for employees hired after this date. All other groups have agreed to eliminate longevity pay for new employees.

Supplies

In the non-personal services areas, the departments have decreased spending by 5.8 percent (\$64,000), with most accounts held constant or reduced. Two exceptions include an additional: \$16,000 in dedicated funding to replace 25 outdated computers; and \$27,000 in Senior Center program costs for an increase in the number of bus trips and the number of participants. The increase in costs for senior trips is offset by the increase in revenue generated by the charges for those trips.

Other Services and Charges

In the area of Other Services and Charges, budget increases were held to a minimum. The most significant changes in this category of expenditures included a \$57,000 savings in utility costs due to the recent energy conservation projects; a \$42,000 increase in gasoline cost reflected in motor pool charges; and a \$30,000 increase in charges from the Police and Fire Pension Board investment managers and consultants.

Capital Outlay

The Capital Outlay purchases total \$7.1 million for all funds and \$999,518 in the General Fund. The majority of the purchases are funded through dedicated millages (Proposal “V”, “R-2”, “L”, and Seniors) or through a use of General Fund fund balance. The General Fund fund balance purchases are discussed in more detail later. The remaining items include annual law book purchases for the District Court, five vehicles (building maintenance van, two dump truck v-box inserts, dump truck and senior van), 31 radio replacements (due to new mandatory FCC radio frequency changes) for Police and equipment upgrades for Fire. The new fire equipment would include \$6,400 for new rescue headsets to enhance communication during runs, \$23,000 for replacement of both thermal imaging cameras, \$6,000 to replace power saws and \$3,500 for a new fire station alerting system.

More details on these purchases can be found in the Departmental Chapters, Capital Improvement Plan and the Capital Outlay section.

Expenditure Gap Reduction Measures

Over the last three years, the City has been forced to implement over \$4.9 million in gap reduction measures. The Madison Heights voters have also contributed by approving up to 2.2 mills for Ballot Proposals “L” and “MR”. Since the approval of the FY 2011-12 Budget in May 2011, the City staff has continued to seek out additional means to reduce recurring costs going forward.

In preparing the Proposed Budget, two goals were set: first, to avoid asking the Madison Heights residents and businesses for significant new taxes or fees. Although the local economy is coming back, it is not fully recovered, and taxpayers have done their part. Second, rather than increase expenditures by rescinding gap measures put in place over the last three years, for at least the next year, current service levels are maintained as a safeguard to prevent further reductions in property tax, including the possible eliminating of personal property tax.

The year’s proposed Gap Reduction Measures can be grouped into four categories:

1. Maintain current staffing levels:
 - a. Recreation Restructuring including elimination of the Recreation Supervisor and upgrade of two positions (\$113,000 savings);
 - b. Record Bureau Restructuring by deleting a vacant full-time position and adding a part-time position; and continue holding of Deputy Chief position open until January of 2013 (\$58,000 savings); and
 - c. Staffing Fire Department by funding the recent seven promotions and three new firefighters and holding open three vacant positions that would re-evaluate in 2013 after the Federal SAFER grant extension and the status of 2013 property values are determined. This plan will provide three eight-man platoons plus a swing man to cover leave on each shift on a rotating basis.
2. Shift a portion of the Police and Fire retiree health care expense to Retiree Health Care Trust Fund similar to the General Employee shift in FY 2011-12 (\$213,000 savings)
3. Postpone purchase of five lower-priority vehicles scheduled in Capital Improvement Plan (\$84,000 savings)
4. Incorporate labor concessions implemented with union and non-union labor agreements (\$829,000 savings)

Total FY 2012-13 General Fund savings equal \$1.5 million. Total FY 2012-13 Major Street, Local Street, Downtown Development Authority, Community Improvement, Water and Sewer and Motor Pool Fund savings equal \$125,000.

TOTAL APPROPRIATIONS SCHEDULE

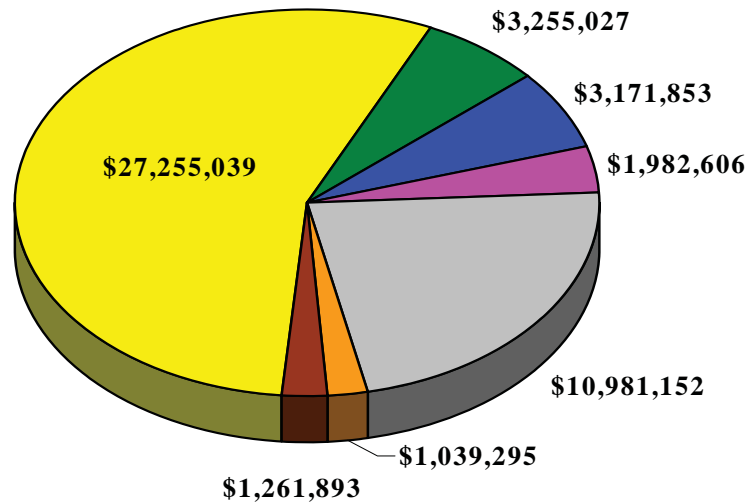
ALL FUNDS

FISCAL YEAR 2012-13

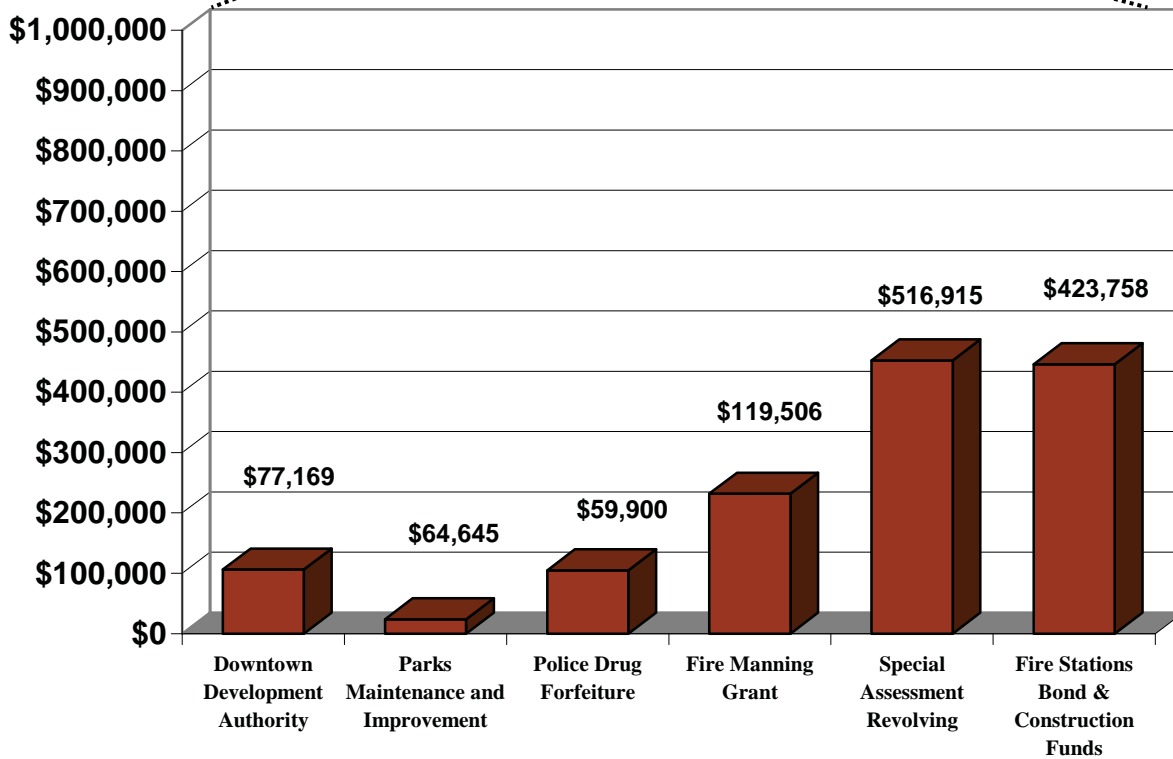
Fund Name	Actual 2010-11	Estimate 2011-12	Proposed Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
General Fund	\$ 25,097,949	\$ 28,931,522	\$ 27,255,039	\$ (1,676,483)	(5.8)
Major Street	1,220,329	1,303,597	3,255,027	1,951,430	149.7
Local Street	2,077,037	4,649,873	3,171,853	(1,478,020)	(31.8)
Parks Maintenance and Improvement	49,406	23,659	64,645	40,986	173.2
Downtown Development Authority	111,843	125,970	77,169	(48,801)	(38.7)
Police Drug Forfeiture	30,383	103,000	59,900	(43,100)	(41.8)
Community Improvement	1,901,886	2,001,818	1,982,606	(19,212)	(1.0)
Fire Manning Grant (SAFER)	98,028	231,932	119,506	(112,426)	(48.5)
Special Assessment Revolving	401,049	452,779	516,915	64,136	14.2
Fire Station Bond Fund	413,307	415,687	422,758	7,071	1.7
Fire Station Construction Fund	1,673	30,646	1,000	(29,646)	(96.7)
Water & Sewer Fund	8,961,749	9,823,271	10,981,152	1,157,881	11.8
Motor & Equipment Pool	905,800	1,048,334	1,039,295	(9,039)	(0.9)
Total Appropriations	\$ 41,270,439	\$ 49,142,088	\$ 48,946,865	\$ (195,223)	(0.4)

* Net Budget is \$45.1 million excluding duplicate interfund transfers and charges.

ALL FUNDS APPROPRIATIONS FISCAL YEAR 2012-13



Other Funds



Over three-quarters of the City's operations are supported through the General Fund (55.7%) and the Water and Sewer Fund (22.4%).

ALL FUNDS APPROPRIATIONS
PER STATE OF MICHIGAN DETAILED CATEGORY CLASSES
FISCAL YEAR 2012-13

Activity	Personal Services	Supplies	Other Services & Charges	Capital Outlay	Total
City Council	\$ 49,472	\$ 0	\$ 3,984	\$ 0	\$ 53,456
District Court	943,097	38,300	339,126	10,000	1,330,523
City Manager	289,801	150	8,155	0	298,106
Elections	16,126	7,380	6,159	0	29,665
City Assessor	0	0	245,101	0	245,101
Legal	0	5,300	262,110	0	267,410
City Clerk	186,601	3,235	12,942	0	202,778
Human Resources	172,038	0	56,789	0	228,827
Board of Review	2,375	0	1,000	0	3,375
General Administration	1,354,852	55,880	104,606	40,000	1,555,338
Finance	733,163	6,468	71,419	0	811,050
Information Technology	213,153	25,150	600	22,500	261,403
Municipal Building	0	0	78,910	0	78,910
Custodial & Maintenance	25,961	17,250	140,628	38,000	221,839
Police	7,899,856	47,000	709,457	154,800	8,811,113
Fire	3,915,968	49,429	601,133	38,911	4,605,441
Community Development	1,058,258	25,900	1,811,737	422,800	3,318,695
Streets	707,611	219,393	1,371,480	5,189,000	7,487,484
Solid Waste	438,356	15,087	1,474,543	0	1,927,986
Recreation	57,735	27,401	65,244	0	150,380
Nature Center	0	0	8,175	0	8,175
Parks	203,755	31,450	173,621	163,000	571,826
Senior Citizens	147,453	85,935	71,748	166,000	471,136
Library	429,246	4,800	101,810	49,707	585,563
Insurance, Bonds and Transfers	0	0	2,978,080	0	2,978,080
Debt Service	0	0	1,446,647	0	1,446,647
Water and Sewer	943,581	91,707	7,871,609	1,050,366	9,957,263
Motorpool	316,803	290,250	432,242	0	1,039,295
Total Appropriations	\$ 20,105,261	\$ 1,047,465	\$ 20,449,055	\$ 7,345,084	\$ 48,946,865

ALL FUNDS SUMMARY

FISCAL YEAR 2012-13

Activity	General Fund	Major Street	Local Street	Parks Maintenance & Improvement	Downtown Development Authority	Police Drug Forfeiture
City Council	\$ 53,456	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
District Court	1,330,523	0	0	0	0	0
City Manager	298,106	0	0	0	0	0
Elections	29,665	0	0	0	0	0
City Assessor	245,101	0	0	0	0	0
Legal	267,410	0	0	0	0	0
City Clerk	202,778	0	0	0	0	0
Personnel	228,827	0	0	0	0	0
Board of Review	3,375	0	0	0	0	0
General Administration	1,555,338	0	0	0	0	0
Finance	811,050	0	0	0	0	0
Information Technology	261,403	0	0	0	0	0
Municipal Building	78,910	0	0	0	0	0
Custodial & Maintenance	221,839	0	0	0	0	0
Police	8,751,213	0	0	0	0	59,900
Fire	4,484,935	0	0	0	0	0
Community Development	916,892	0	0	0	21,581	0
Streets	1,255,604	3,080,027	3,151,853	0	0	0
Solid Waste	1,927,986	0	0	0	0	0
Recreation	150,380	0	0	0	0	0
Nature Center	8,175	0	0	0	0	0
Parks	507,181	0	0	64,645	0	0
Senior Citizens	471,136	0	0	0	0	0
Library	585,563	0	0	0	0	0
Water and Sewer	0	0	0	0	0	0
Insurance/Bonds/Transfers	2,608,193	175,000	20,000	0	55,588	0
Motor Pool	0	0	0	0	0	0
Total Appropriations	<u>\$ 27,255,039</u>	<u>\$ 3,255,027</u>	<u>\$ 3,171,853</u>	<u>\$ 64,645</u>	<u>\$ 77,169</u>	<u>\$ 59,900</u>

ALL FUNDS SUMMARY

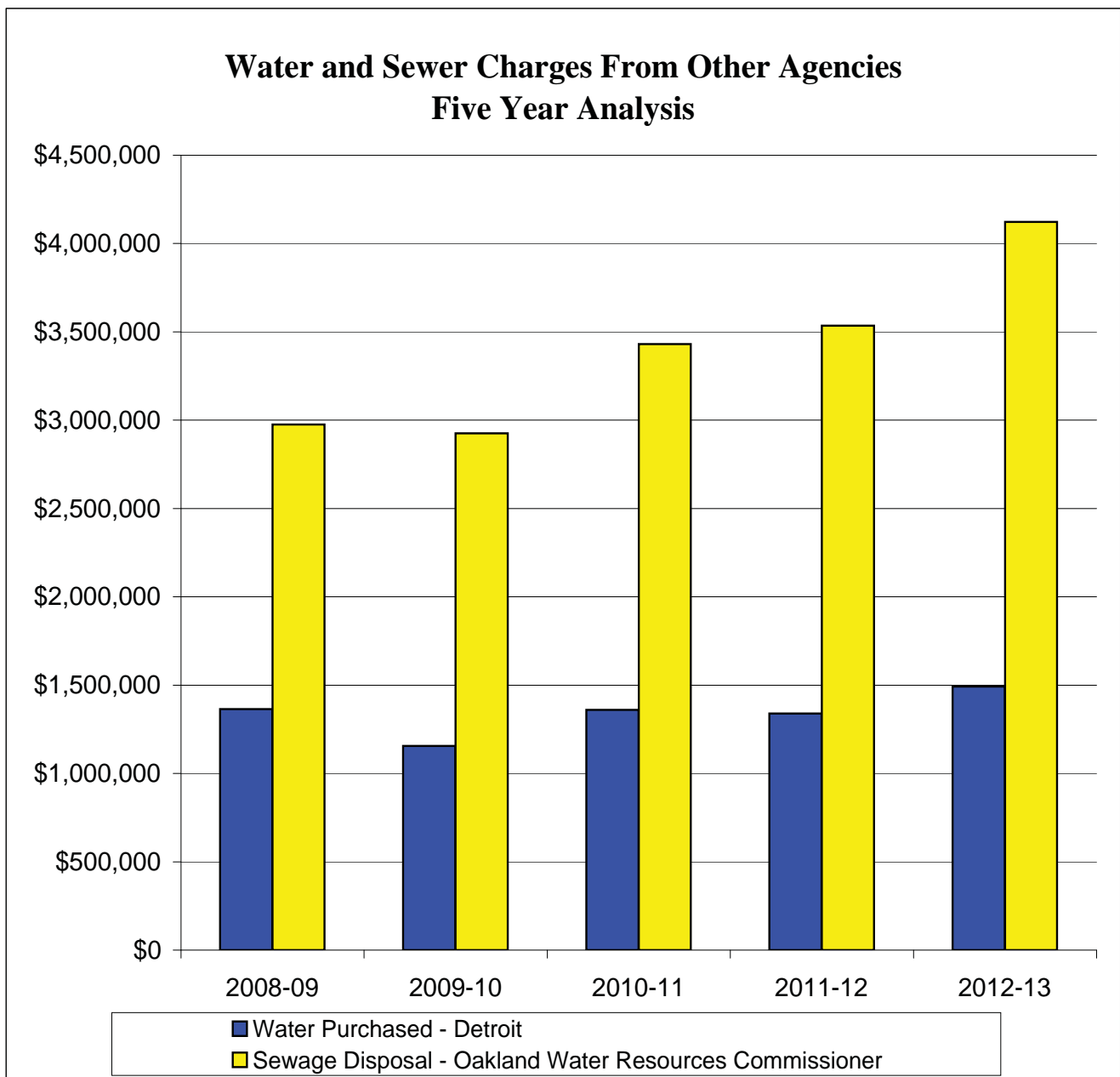
FISCAL YEAR 2012-13

Community Improvement	Fire Manning Grant	Special Assessment Revolving	Fire Station Debt Fund	Water and Sewer Fund	Motor Pool and Equipment Fund	Total	
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 53,456	City Council
0	0	0	0	0	0	1,330,523	District Court
0	0	0	0	0	0	298,106	City Manager
0	0	0	0	0	0	29,665	Elections
0	0	0	0	0	0	245,101	City Assessor
0	0	0	0	0	0	267,410	City Attorney
0	0	0	0	0	0	202,778	City Clerk
0	0	0	0	0	0	228,827	Personnel
0	0	0	0	0	0	3,375	Board of Review
0	0	0	0	0	0	1,555,338	General Administration
0	0	0	0	0	0	811,050	Finance
0	0	0	0	0	0	261,403	Information Technology
0	0	0	0	0	0	78,910	Municipal Building
0	0	0	0	0	0	221,839	Custodial & Maintenance
0	0	0	0	0	0	8,811,113	Police Department
0	119,506	0	1,000	0	0	4,605,441	Fire
1,957,422	0	422,800	0	0	0	3,318,695	Community Development
0	0	0	0	0	0	7,487,484	Streets
0	0	0	0	0	0	1,927,986	Solid Waste
0	0	0	0	0	0	150,380	Recreation
0	0	0	0	0	0	8,175	Nature Center
0	0	0	0	0	0	571,826	Parks
0	0	0	0	0	0	471,136	Senior Citizen
0	0	0	0	0	0	585,563	Library
0	0	0	0	9,957,263	0	9,957,263	Water and Sewer
25,184	0	94,115	422,758	1,023,889	0	4,424,727	Insurance/Bonds/Transfers
0	0	0	0	0	1,039,295	1,039,295	Motor Pool
<u>\$ 1,982,606</u>	<u>\$ 119,506</u>	<u>\$ 516,915</u>	<u>\$ 423,758</u>	<u>\$10,981,152</u>	<u>\$ 1,039,295</u>	<u>\$ 48,946,865</u>	Total Appropriations

CITY OF MADISON HEIGHTS

FISCAL YEAR 2012-13

Water and Sewer Charges	Actual 2008-09	Actual 2009-10	Actual 2010-11	Estimate 2011-12	Budget 2012-13
Water Purchased - Detroit	\$1,364,939	\$1,155,347	\$1,360,359	\$1,339,467	\$1,491,922
Sewage Disposal - Oakland Water Resources Commissioner	\$2,974,941	\$2,925,955	\$3,430,258	\$3,534,641	\$4,122,979



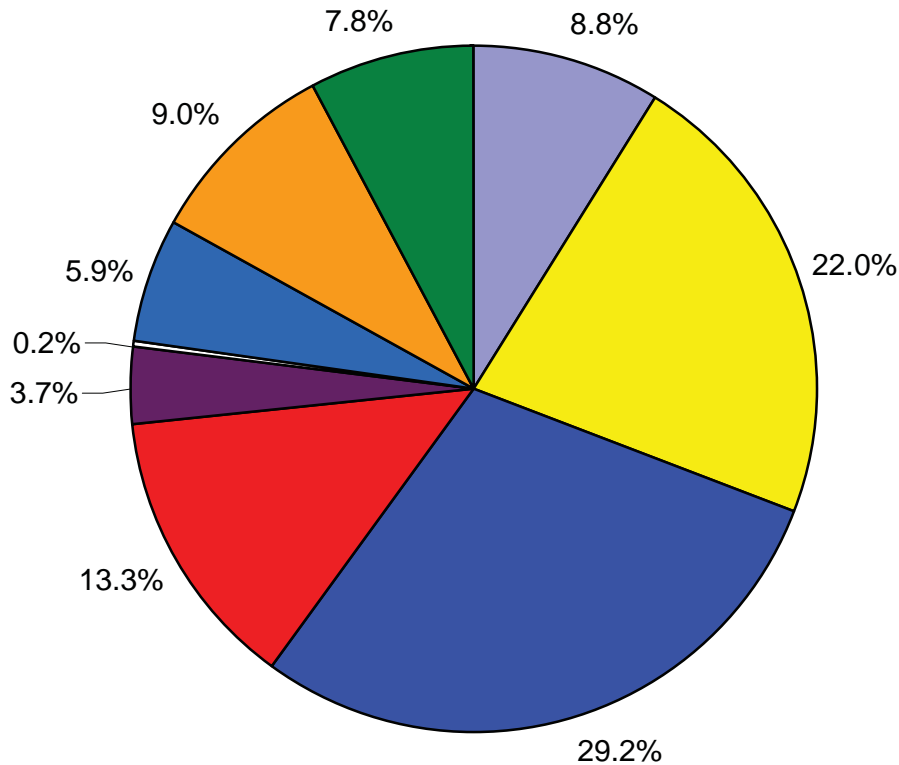
Sewage Disposal charges are more than 2.7 times higher than Water Purchased.

CITY OF MADISON HEIGHTS

FISCAL YEAR 2012-13

Utility Charges - By Building	Actual 2008-09	Actual 2009-10	Actual 2010-11	Estimate 2011-12	Budget 2012-13
Court Building	\$ 44,664	\$ 38,668	\$ 35,474	\$ 37,329	\$ 28,150
City Hall	129,262	113,370	59,838	89,768	70,658
Police Station	144,187	137,791	123,624	113,317	93,594
Fire Stations	71,128	52,881	57,198	58,730	42,609
Senior Center	30,194	28,862	24,380	18,767	11,868
Recreation/Nature Center	1,411	713	773	790	790
Parks	14,565	11,791	12,733	14,892	18,975
Library	50,986	43,148	42,213	47,547	28,976
Department of Public Services	74,045	54,800	52,561	47,789	24,915
Total	\$560,442	\$482,024	\$408,794	\$428,929	\$320,535

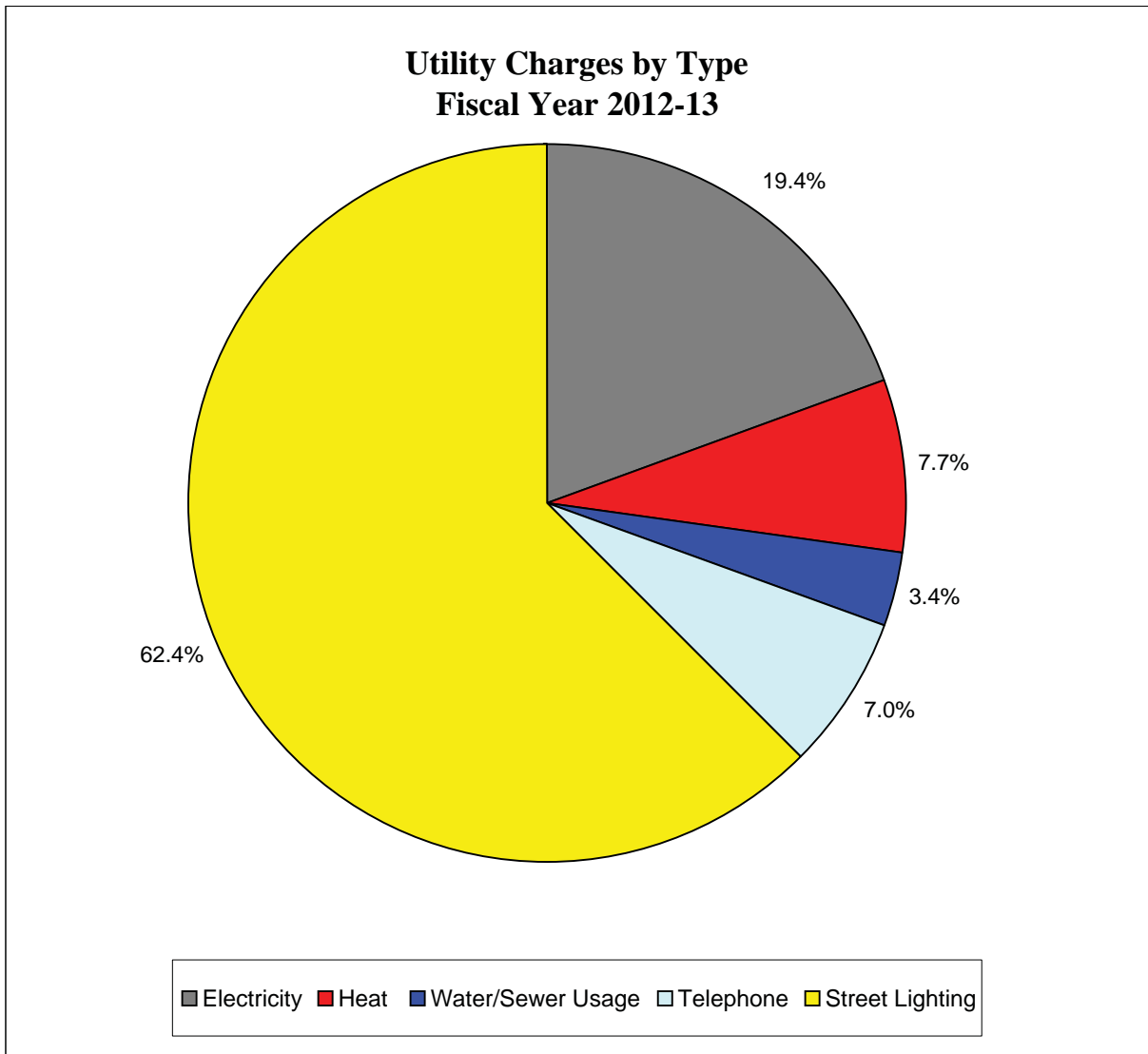
**Utility Charges By Building
Fiscal Year 2012-13**



CITY OF MADISON HEIGHTS

FISCAL YEAR 2012-13

Utility Charges - City-Wide	Actual 2008-09	Actual 2009-10	Actual 2010-11	Budget 2011-12	Budget 2012-13
Electricity	\$ 273,104	\$ 272,548	\$ 238,582	\$ 250,117	\$ 165,470
Heat - Gas	121,983	78,269	86,478	85,261	65,805
Water/Sewer Usage	39,294	26,272	21,557	33,528	29,237
Telephone	126,061	104,935	62,177	60,023	60,023
Street Lighting	435,143	435,143	496,395	512,338	531,687
Total	\$ 995,585	\$ 917,167	\$ 905,189	\$ 941,267	\$ 852,222



SOLID WASTE MANAGEMENT COST

BUDGET FY 2012-13

SOCRRA Refuse Disposal Cost Only:

FISCAL	INCINERATION		LANDFILL		COMPOSTING		RECYCLABLE		BULKY WASTE		TOTAL	
	TONNAGE	CHARGES	TONNAGE	CHARGES	TONNAGE	CHARGES	TONNAGE	CHARGES	TONNAGE	CHARGES	TONNAGE	CHARGES*
1984-85	19,702	390,249	1,741	34,810	N/A	N/A	N/A	N/A	N/A	N/A	21,443	425,059
1985-86	20,964	476,000	2,349	54,032	N/A	N/A	N/A	N/A	N/A	N/A	23,313	530,032
1986-87	20,506	482,987	2,615	61,368	N/A	N/A	N/A	N/A	N/A	N/A	23,121	544,355
1987-88	20,799	527,908	2,687	63,881	N/A	N/A	N/A	N/A	N/A	N/A	23,486	591,789
1988-89	18,216	546,493	1,701	61,216	2,419	36,280	N/A	N/A	N/A	N/A	22,336	643,989
1989-90	15,839	530,609	1,687	65,824	4,469	74,167	222	2,268	N/A	N/A	22,217	672,868
1990-91	-	-	13,981	572,093	4,107	69,819	911	18,165	1,109	53,237	20,108	713,314
1991-92	-	-	13,472	606,183	3,382	64,344	1,129	20,605	1,096	56,968	19,079	748,100
1992-93	-	-	14,994	749,682	4,062	81,233	1,516	23,685	290	15,066	20,862	869,666
1993-94	-	-	15,097	779,669	2,566	53,892	1,626	25,343	319	16,422	19,608	875,326
1994-95	-	-	14,924	726,939	2,737	13,685	373	17,904	1,021	5,718	19,055	764,246
1995-96	-	-	13,370	695,240	3,270	16,365	380	13,870	630	4,625	17,650	730,100
1996-97**	-	-	12,800	665,600	3,350	5,200	400	6,000	650	3,510	17,200	680,310

N/A= Not Available

*The 1984-85 figures include \$24,800 ready to serve charge.

Contractor Refuse Collection and Disposal Costs:

FISCAL	OTHER DISPOSAL		LANDFILL/ BULKY WASTE		COMPOSTING		RECYCLABLE					TOTAL
	STOPS	CHARGES	STOPS	CHARGES	STOPS	CHARGES	STOPS	CHARGES				CHARGES
1997-98	-	-	9,500	\$ 631,880	9,500	\$ 2,430	9,500	\$ 18,375				\$ 652,685
1998-99	-	-	9,500	\$ 598,428	9,500	\$ 103,399	9,500	\$ 168,787				\$ 870,614
1999-00	-	-	9,500	\$ 609,886	9,500	\$ 106,420	9,500	\$ 172,019				\$ 888,325
2000-01	N/A	\$ 58,001	9,500	\$ 717,534	9,500	\$ 80,454	9,500	\$ 179,617				\$ 1,035,606
2001-02	N/A	\$ 34,355	9,500	\$ 697,228	9,500	\$ 68,471	9,500	\$ 176,332				\$ 976,386
2002-03	N/A	\$ 38,705	9,940	\$ 785,499	9,940	\$ 77,140	9,940	\$ 198,656				\$ 1,100,000
2003-04	N/A	\$ 40,815	9,960	\$ 828,347	9,960	\$ 81,347	9,960	\$ 209,491				\$ 1,160,000
2004-05	N/A	\$ 40,886	9,980	\$ 829,775	9,980	\$ 81,487	9,600	\$ 209,852				\$ 1,162,000
2005-06	N/A	\$ 42,077	9,516	\$ 853,960	9,516	\$ 83,862	9,600	\$ 215,968				\$ 1,195,867
2006-07	N/A	\$ 43,924	9,516	\$ 891,440	9,516	\$ 87,543	9,600	\$ 225,453				\$ 1,248,360
2007-08	N/A	\$ 45,610	9,516	\$ 925,654	9,516	\$ 90,903	9,600	\$ 234,106				\$ 1,296,273
2008-09	N/A	\$ 46,760	9,516	\$ 949,001	9,516	\$ 93,196	9,600	\$ 240,011				\$ 1,328,967
2009-10	N/A	\$ 48,299	9,516	\$ 953,922	9,516	\$ 126,753	9,600	\$ 243,733				\$ 1,372,707
2010-11 ***	N/A	\$ -	9,460	\$ 714,653	9,460	\$ 172,352	9,460	\$ 204,996				\$ 1,092,001
2011-12	N/A	\$ -	9,460	\$ 714,653	9,460	\$ 172,352	9,460	\$ 204,996				\$ 1,092,001
2012-13	N/A	\$ -	9,460	\$ 714,653	9,460	\$ 172,352	9,460	\$ 204,996				\$ 1,092,001

Notes:

**The City contracted out its refuse collection (January 1997) and refuse disposal (July 1997).

The City estimates current disposal costs at \$21 - \$23 per ton.

*** The City rebid collection and disposal; budget assumptions reflect the new 10-year agreement.

RISK MANAGEMENT

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased insurance for health, dental, optical, and life insurance claims, is insured for workers' compensation claims, and participates in the Michigan Municipal Risk Management Authority risk pool for general liability claims. Settled claims relating to the insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years. As of July 1, 2012, the City has moved to self-insurance for health, dental and worker's compensation.

Liability and Property Insurance

The City is a member of the Michigan Municipal Risk Management Authority, which is a self-insurance program for general and auto liability, auto physical damage and property loss claims. The program provides for reinsurance (which is partly underwritten by the Authority itself) in the following amounts:

	<u>RETENTION *</u>	<u>LIMITS OF REINSURANCE</u>
General and auto liability	\$250,000 per occurrence	\$15,000,000 per occurrence
Auto physical damage	\$1,000 deductible and \$15,000 each vehicle; \$30,000 per occurrence	\$1,500,000 per occurrence
Property	\$1,000 deductible plus 10% of first \$100,000 per occurrence	\$39,007,255

*The Retention amounts represent the amount that the City pays before reinsurance coverage begins.

In addition to the losses retained, the City may be responsible for certain defense costs. The City has elected to participate in the Authority's Stop Loss Program, which limits paid losses from the City to no more than \$366,000 per fiscal year.

The City's policy is to record premium payments to the Authority as expenditures of the participating funds. At June 30, 2011, the City had member reserves of \$51,343 with the Authority. It is estimated that \$40,000 will be used to pay claims reported to date; the amount to be paid for claims incurred, but not yet reported can not be estimated at this time. Upon termination of the program, any amounts remaining on deposit after the Authority has settled all claims incurred prior to termination will be returned to the City.

On July 1, 2007, Council approved increasing the retention from \$150,000 to \$250,000, this resulted in a reduction in annual premium of \$206,236 or 25%.

Other Insurance Programs

As of July 1, 2010, the Worker's Compensation Program moved to self-funded and administered through a third party Citizens Management Incorporated (CMI). This transition has allowed the City to provide its own statutory workers compensation coverage while carrying excess insurance up to a \$350,000 specific retention for any occurrence. This program change is estimated to save the City an average of \$161,636 a year. The administrative costs are allocated to individual budget activities of the City, based on payroll exposure. The actual workers compensation payments of claims will be allocated to the department where the worker's compensation claims are generated.

Special Events Insurance Requirements

On December 14, 1992, the City Council approved Resolution #422 adopting a Council Policy establishing Uniform Insurance Requirements for Special Events. The policy covers clubs and organizations that request to hold special events on City property and/or in the City's right-of-way. The policy categorizes special events based on the potential risk involving the event activities into "hazard groups." Next, the requirements for: liability, property, fire damage, medical and vehicle insurances; indemnification, defend and hold harmless agreements; and participant liability release are outlined. The policy is periodically reviewed to determine the need for further modification.

DEBT ADMINISTRATION

The City's current General Fund outstanding long-term debt is \$6.6 million. This amount includes \$2.4 million of vested employee benefits; \$224,000 reserve for worker's compensation insurance claim funds on deposit for general liability insurance; and \$4.1 million in general obligation bonds. The vested employee benefits will be paid on various future dates with General Fund general revenues.

The City's latest government bond rating occurred in July 2010 when Moody's Investors Service (Moody's) and Standard and Poor's Ratings Services (S&P) both assigned their municipal bond ratings to the issue of 2010 General Obligation Limited Tax bonds for the purpose of improvements to the water supply system in the City and related sites, equipment, structures, attachments and appurtenances.

The City's bond ratings were reevaluated in October 2011 when S&P affirmed their A+/Negative rating and March 2012 when Moody's affirmed an Aa2 and removed the negative outlook due to strong financial management.

The assigned ratings reflect the independent judgment of the respective rating agencies. There is no assurance that said ratings will continue for any period of time or that they will not be revised or withdrawn by the respective rating agencies. A revision or withdrawal of said ratings may have an effect on the market price of the securities. Further information concerning the municipal bond ratings is available upon request from the rating agencies.

As of June 30, 2011, the City will be 7.7% of the City's debt limit of \$96 million. The City has general obligation bonds outstanding in the amount of \$4.1 million of an original \$5,925,000 Fire Station Bond issue and \$1.4 million of the original \$1.5 million water and sewer bonds. The City is also responsible for our share of eight bonds related to the George W. Kuhn Drain project for a total of \$9.0 million.

The City in the past has issued bonds to provide for the acquisition and construction of some major capital facilities. General Obligation Bonds are direct obligations and pledge the full faith and credit of the City. City contractual labor agreements are also general obligations of the government; however, these are not funded by the issuance of bonds. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service. Outstanding long-term debt recorded in the General Long-Term Debt Account Group, exclusive of contractual labor agreements, will include the following at June 30, 2012:

I. Fire Stations' General Obligation Unlimited Tax Bonds in the amount of \$5.9 million issued on May 1, 2003, payable over 20 years, for the cost of acquiring, constructing, furnishing and equipping a new fire station and related training tower, park and site improvements, draft pit, demolition of the old Fire Station Headquarters, redevelopment of the Thirteen Mile frontage and rehabilitation of Station #2. A total of \$4.1 million remains in principal payments.

II. George W. Kuhn Drain Bonds and State Revolving Loan Debt issued between October 2000 through September 2008. The total debt to be issued is \$125.8 million with Madison Heights' share being \$13.5 million. The bond and interest payments are being paid from the Water and Sewer Fund, with \$9.0 million principal remaining.

III. Fixed Network Water Meter Reading System General Obligation Limited Tax Bonds in the amount of \$1.5 million issued on August 23, 2010, payable over 15 years, for the purchase and installation of a transmitter on every water meter and 12 antennas to allow daily non-manned readings. The bond and interest payments are being paid from the Water and Sewer Fund with \$1.4 million principal remaining.

LEGAL DEBT MARGIN
(amounts expressed in thousands)
June 30, 2012

Calculation of debt limit:	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
State equalized valuation	\$ 1,354,849	\$ 1,270,336	\$ 1,053,898	\$ 909,099	\$ 865,669
10% of assessed value	<u>135,485</u>	<u>127,034</u>	<u>105,390</u>	<u>90,910</u>	<u>86,567</u>
Calculation of debt subject to limit:					
Total debt	\$ 15,504	\$ 15,390	\$ 14,543	\$ 15,466	\$ 14,493
Less: debt not subject to limit:					
General obligation	10,489	10,595	9,983	9,701	9,063
Special revenue bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net debt subject to limit (2)	<u>\$ 5,015</u>	<u>\$ 4,795</u>	<u>\$ 4,560</u>	<u>\$ 5,765</u>	<u>\$ 5,430</u>
Legal debt margin (1)	<u>\$ 130,470</u>	<u>\$ 122,239</u>	<u>\$ 100,830</u>	<u>\$ 85,145</u>	<u>\$ 81,137</u>
Net debt subject to limit as % of debt limit	3.84%	3.92%	4.52%	6.77%	6.69%

(1) Debt limit set forth in Section 4A, Act 279 of 1909 (Home Rule City Act)

(2) Amount does not include water and sewer general obligations

**SUMMARY OF DEBT SERVICE REQUIREMENTS
TO MATURITY
ANNUAL PRINCIPAL AND INTEREST REQUIREMENTS
June 30, 2012**

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Fire Stations Bond</u> <u>Obligations</u>	<u>Fixed Meter Network</u> <u>General Obligations</u>	<u>Kuhn Drain</u> <u>Obligations</u>	<u>Total</u>
2013	\$ 421,798	\$ 122,913	\$ 902,080	\$ 1,446,791
2014	458,548	126,413	900,569	1,485,530
2015	434,588	129,813	816,166	1,380,567
2016	444,523	132,688	900,453	1,477,664
2017	458,473	134,988	900,631	1,494,092
2018	466,223	136,900	899,178	1,502,301
2019	467,903	138,400	896,682	1,502,985
2020	473,850	139,725	895,811	1,509,386
2021	483,663	140,600	894,771	1,519,034
2022	487,000	141,000	894,729	1,522,729
2023	494,000	146,200	718,326	1,358,526
2024	-	146,000	711,676	857,676
2025	-	145,600	73,393	218,993
2026	-	-	73,421	73,421
2027	-	-	63,978	63,978
2028	-	-	63,643	63,643
2029	-	-	52,593	52,593
Totals	\$ 5,090,569	\$ 1,781,238	\$ 10,658,100	\$ 17,529,907

Fire Stations Bond

Date of issue - May 1, 2003

Payment Date:

Principal, May 1

Interest, May 1, November 1

Amount of issue - \$5,925,000

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
2013	\$ 275,000	\$ 146,798	\$ 421,798
2014	280,000	178,548	458,548
2015	305,000	129,588	434,588
2016	325,000	119,523	444,523
2017	350,000	108,473	458,473
2018	370,000	96,223	466,223
2019	385,000	82,903	467,903
2020	405,000	68,850	473,850
2021	430,000	53,663	483,663
2022	450,000	37,000	487,000
2023	475,000	19,000	494,000
	<u>\$ 4,050,000</u>	<u>\$ 1,040,569</u>	<u>\$ 5,090,569</u>

Fixed Network Water Meter Reading System Water and Sewer General Obligation Bond

Date of issue - August 23, 2010

Payment Date:

Principal, May 1

Interest, May 1, November 1

Amount of issue - \$1,525,000

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
2013	\$ 75,000	\$ 47,913	\$ 122,913
2014	80,000	46,413	126,413
2015	85,000	44,813	129,813
2016	90,000	42,688	132,688
2017	95,000	39,988	134,988
2018	100,000	36,900	136,900
2019	105,000	33,400	138,400
2020	110,000	29,725	139,725
2021	115,000	25,600	140,600
2022	120,000	21,000	141,000
2023	130,000	16,200	146,200
2024	135,000	11,000	146,000
2025	140,000	5,600	145,600
	<u>\$ 1,380,000</u>	<u>\$ 401,238</u>	<u>\$ 1,781,238</u>

George W. Kuhn Drain Water & Sewer Obligations - Amount of Issue - \$125,794,822

Date of issue - Series A Oct. 1, 2000 (Total \$17,888,000 Madison Heights Share \$1,881,478)

Series C Sept. 29, 2001 (Total \$82,200,000 Madison Heights Share \$8,649,748)

Series D Dec. 20, 2001 (Total \$2,277,676 Madison Heights Share \$239,675)

Series 2005F September 22, 2005 (Total \$1,519,146 Madison Heights Share \$162,391)

Series 2007 Refinancing B & E Aug. 23, 2007 (Total \$12,460,000 Madison Heights Share \$1,574,214)

Series 2007G Sept. 20, 2007 (Total \$1,765,000 Madison Hgts. Share \$188,672)

Series 2008H Sept. 22, 2008 (total \$7,685,000 Madison Heights Share \$821,499)

Combined Issues Total \$125,794,822 Madison Heights Share \$13,517,677

Payment Date: Principal, April 1 and Interest, April 1, October 1

<u>Fiscal Year</u>				<u>Total</u>
<u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>		<u>Requirements</u>
2013	\$ 656,890	\$ 245,190	\$	902,080
2014	673,208	227,361		900,569
2015	607,078	209,088		816,166
2016	710,088	190,365		900,453
2017	729,572	171,059		900,631
2018	747,995	151,183		899,178
2019	765,909	130,773		896,682
2020	785,919	109,892		895,811
2021	806,464	88,307		894,771
2022	828,595	66,134		894,729
2023	674,978	43,348		718,326
2024	686,326	25,350		711,676
2025	66,276	7,117		73,393
2026	67,788	5,633		73,421
2027	59,862	4,116		63,978
2028	60,931	2,712		63,643
2029	51,310	1,283		52,593
	<u>\$ 8,979,189</u>	<u>\$ 1,678,911</u>	<u>\$</u>	<u>10,658,100</u>

PERSONNEL AND POSITIONS

The City of Madison Heights employs 155 full-time positions yielding 5.2 full-time employees per 1,000 of City population based on the 2010 census count of 29,694. The City also employs 138 positions on a part-time or seasonal basis. Personnel services comprise approximately \$17.8 million or 68.1% of the General Fund Budget.

During the Fiscal Year 2012-13, the General Fund is being reduced by attrition of 2 full-time positions. Five additional full-time positions will also be held open for the duration of FY 2012-13. Because of these budget balancing measures and due to negotiated wage and medical insurance labor concessions, all funds personnel services accounts are down \$1.1 million, or 5.2%.

With the exception of seven executive and administrative employees, the City's entire full-time workforce belongs to one of eight bargaining units (seven City unions and one 43rd District Court union). The unions can be divided into two groups, based on binding arbitration rights that are provided to public safety sworn employees by the State under Public Act 312. The sworn unions include: Police Officer Labor Council (POLC) Command Officers; Police Officers Union; and International Association of Fire Fighters. The non-sworn unions include: Madison Heights Court Clerks Association; American Federation of State, County, and Municipal Employees (AFSCME) Council 25 Department Heads Union; AFSCME Council 25 Supervisors & Assistants Union; Technical, Professional and Officeworkers Association of Michigan (TPOAM) Department of Public Services Union; and TPOAM Municipal Employees Union, which represents clerical and technical workers.

The Firefighters Union and Police Command Officers Union contracts expired on June 30, 2008, and the remaining six Union contracts expired on June 30, 2011. Thanks in part to Public Act 54 of 2011, which freezes employee wages and benefits when a Collective Bargaining Agreement expires, and Public Act 152 of 2011, which limits the amount a Public Employer may pay toward health insurance premiums unless the governing body opts out, the City's bargaining team was able to negotiate significant concessions with all eight bargaining units. These concessions included a wage freeze for the duration of the contracts until June 30, 2013, five unpaid holidays per year for non Police and Fire employees, a reduced number of paid holidays per year for Police and Fire employees, increased employee contributions to pensions, and a new Community Blue 4 medical plan with higher deductibles and co-insurance for all active employees.

The City was also able to negotiate language into the contracts which will enable the City to comply with the Governor's Economic Vitality Incentive Program requiring a 20% employee health insurance premium contribution for new hires. City Council opted out of Public Act 152 for the Police Officers Union in light of the fact that the concessions made were on par with the other unions and the corresponding savings achieved by the City. The remaining seven labor unions are "grandfathered" since those agreements were settled prior to September 15, 2011, the effective date of the new legislation. The changes negotiated with the eight unions were also applied to the non-union employees, achieving \$829,000 in savings in all funds.

In addition, the City of Madison Heights is one of the few communities that have made sacrifices in order to provide funding for preservation of the retirees' benefits. While this funding has caused the City to make reductions that otherwise would not have been necessary, funding this liability is very important, as it directly affects the City's ability to provide promised benefits in the future and preserves our high rating from credit rating agencies.

Personnel Actions

In the fall of 2010, staff prepared an application for Federal grant money through the Staffing for Adequate Fire and Emergency Response (SAFER) grant program. The SAFER grant provides funding directly to career and volunteer fire departments in order to help them increase the number of trained, “front line” firefighters available in their communities. On December 31, 2010, the City received word that it was awarded \$490,748 in SAFER grant funds, and was the ninth community in the country to receive an award in this round. Only 22 departments in Michigan have received grant money to date.

Once the City received word that the grant money was approved, the two firefighters who were laid off effective June 30, 2010 were recalled to work and returned to their positions effective January 17 and 18, 2011. The grant will cover the majority of costs (excludes overtime and clothing allowance) for a two-year period. The City is planning to move the two positions funded by the SAFER grant back to the General Fund when the SAFER grant is depleted. The City is proud of the effort put forth by the administration and Fire Department staff that enabled us to bring our laid off firefighters back to work.

The FY 2011-12 Budget reflects a total net reduction of 2.3 full-time equivalencies (FTEs). This reduction includes elimination of 2 full-time positions and the reallocation of part-time positions, and holding five additional full-time positions vacant in FY 2012-13. The two full-time position reductions are through attrition and included one Recreation Supervisor and one Police Records Bureau Office Assistant II.

The City’s current hiring review of all position vacancies continues in Fiscal Year 2012-13. The table below reflects the City’s personnel actions planned for Fiscal Year 2012-13.

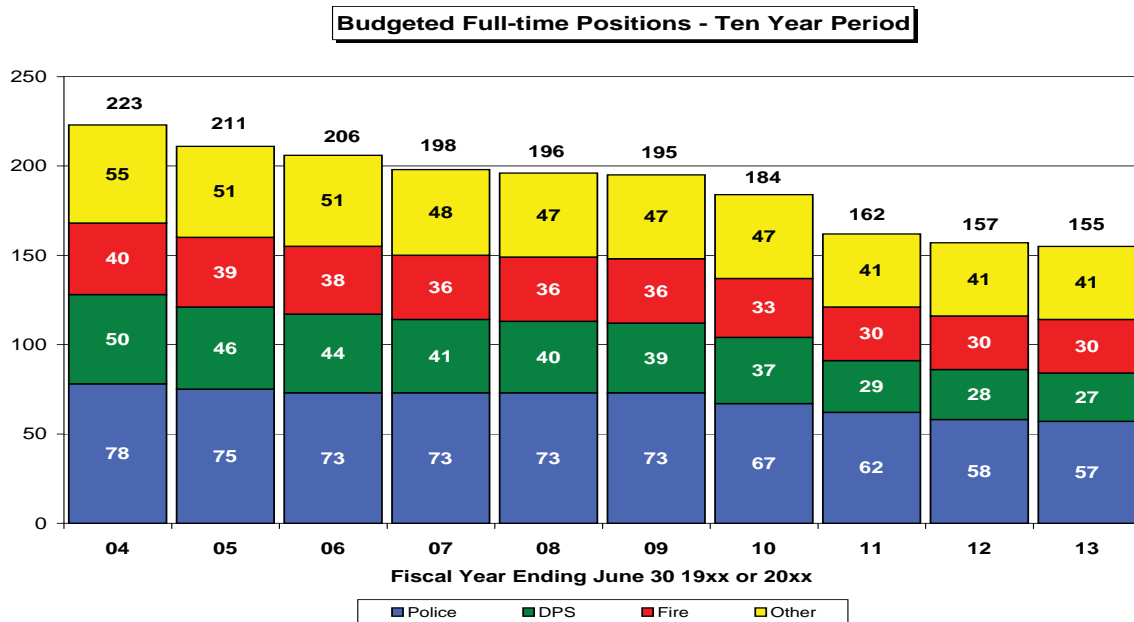
Fiscal Year 2012-13 Personnel Actions

Department	Action	Change
Police	Eliminate vacant Office Assistant position, add part time assistant position	-0.5
DPS - Recreation	Eliminate Recreation Supervisor split position and increase Part Time Recreation Coordinator Hours	-0.3
DPS - Senior Center	Eliminate Recreation Supervisor split position	-0.5
FY 2012-13 - General Fund - Sub Total - FTE Change		-1.3
Fire Manning Grant Fund	Reallocate two grant funded positions to General Fund for a partial year	-1.0
FY 2012-13 - Other Funds - Sub Total - FTE Change		-1.0
Total FY 2012-13 FTE Change		-2.3

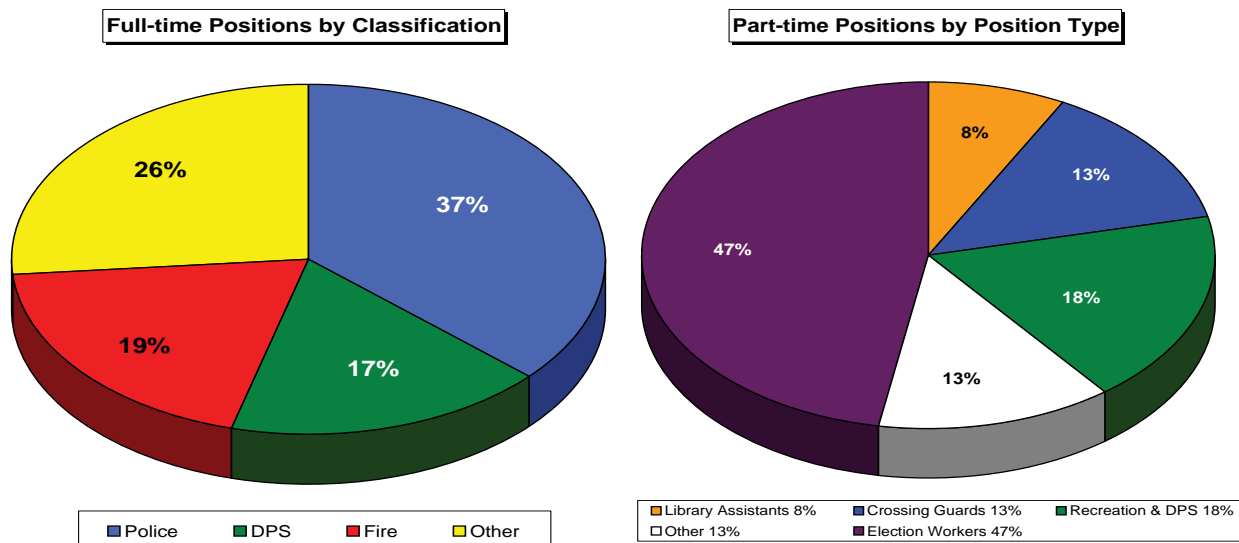
The Work Force at a Glance

Beginning in Fiscal Year 1993-94, the City has been able to reduce the workforce without significantly compromising services, resulting in a leaner, more efficient organization. Ninety-six full-time positions, or thirty-eight percent of the workforce, have been eliminated since Fiscal Year 1993-94.

Presented below is a bar graph of budgeted full-time positions over the last ten years. The Appendix contains a table showing positions by fund and activity over a twenty year period.



Continuing the analysis of the City's workforce, the following graphs illustrate the percentage breakdown of full and part-time employees for FY 2012-13. An Organizational Chart showing full-time employees by bargaining unit or non-union classification is presented in the Appendix.



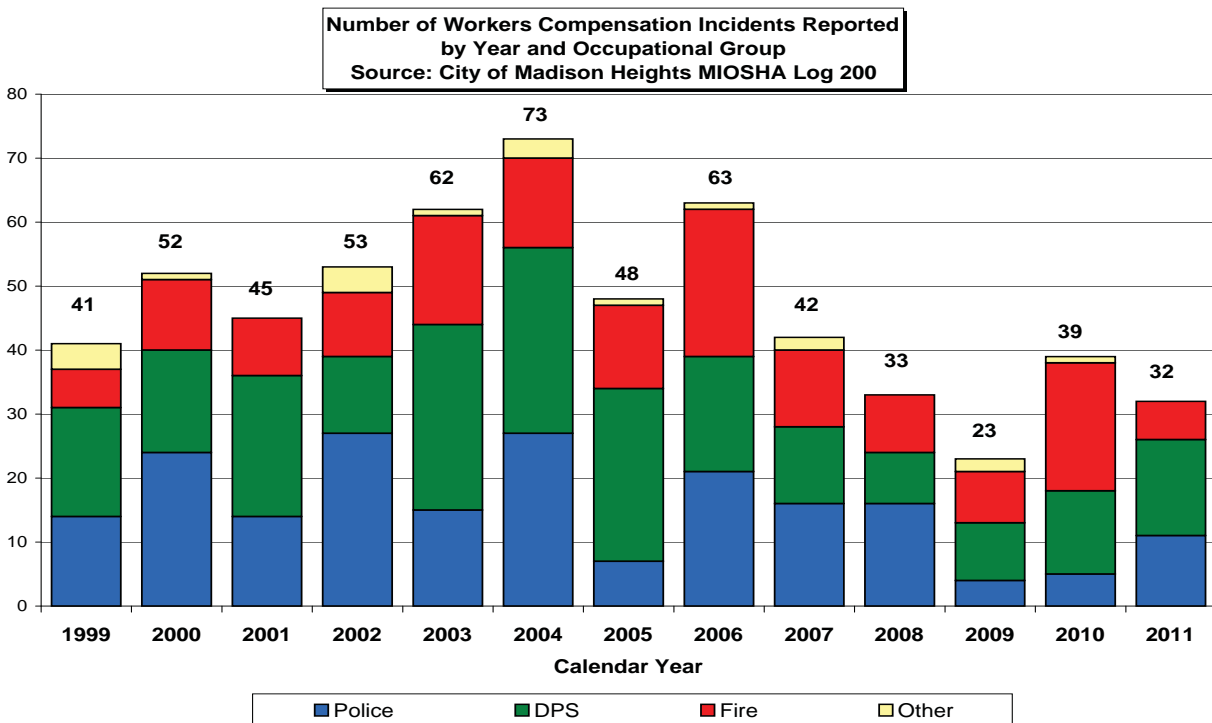
A breakdown of full-time and part-time positions in all funds is shown on the following page.

ALL FUNDS
FULL TIME AND PART TIME POSITIONS
INCLUDING FULL TIME EQUIVALENCY CALCULATION (F.T.E.)
FISCAL YEAR 2012-13

	Budget 2010-11				Budget 2011-12				Budget 2012-13			
	Full Time	Part Time	F.T.E.	'10 to '11 F.T.E. Change	Full Time	Part Time	F.T.E.	'11 to '12 F.T.E. Change	Full Time	Part Time	F.T.E.	'12 to '13 F.T.E. Change
General Fund												
District Court	8	4	11.4	(1.0)	8	3	10.4	(1.0)	8	3	10.4	0.0
City Manager	2	0	1.8	(0.1)	2	0	1.8	0.0	2	0	1.8	0.0
City Assessor	0	0	0.0	(3.4)	0	0	0.0	0.0	0	0	0.0	0.0
City Clerk	2	60	2.6	(1.0)	2	72	2.8	0.1	2	72	2.8	0.0
Human Resources	2	0	1.5	0.0	1	0	1.5	0.0	1	0	1.5	0.0
General Administration	1	0	0.7	(0.1)	1	0	0.7	0.0	1	0	0.7	0.0
Finance	8	0	8.0	(1.0)	8	0	8.0	0.0	8	0	8.0	0.0
Information Technology	2	0	2.0	0.0	2	0	2.0	0.0	2	0	2.0	0.0
Police	62	18	65.8	(4.7)	58	18	61.8	(4.0)	57	19	61.3	(0.5)
Fire	30	1	30.5	(3.0)	30	1	30.5	0.0	30	1	30.5	0.0
Community Development	8	1	8.8	(1.8)	8	0	8.0	(0.8)	8	0	8.0	0.0
Library	3	10	6.9	(1.7)	3	10	8.2	1.3	3	10	8.2	0.0
Department of Public Service												
Custodial & Maintenance	0	0	0.2	(1.0)	0	0	0.2	0.0	0	0	0.2	0.0
Streets	11	0	2.3	(0.9)	10	0	1.8	(0.5)	10	0	1.8	0.0
Solid Waste	1	0	5.1	(0.4)	2	0	4.6	(0.5)	2	0	4.6	0.0
Recreation	0	23	2.3	0.5	0	23	2.3	0.0	0	23	2.1	(0.3)
Youth Center	0	0	0.0	0.0	0	0	0.0	0.0	0	0	0.0	0.0
Nature Center	0	0	0.0	(1.3)	0	0	0.0	0.0	0	0	0.0	0.0
Parks	2	4	2.8	(3.0)	2	2	2.6	(0.3)	2	2	2.6	0.0
Senior Center	2	6	3.7	(0.3)	2	6	3.9	0.1	1	6	3.3	(0.5)
Sub Total	16	33	16.5	(6.4)	16	31	15.4	(1.1)	15	31	14.5	(0.8)
Total	144	127	156.5	(24.1)	139	135	151.0	(5.5)	137	136	149.7	(1.3)
Major Street Fund	1	1	3.0	0.3	1	1	3.0	0.0	1	1	3.0	0.0
Local Street Fund	0	1	3.5	0.0	0	1	3.5	0.0	0	1	3.5	0.0
Community Improvement Fund												
Housing	2	0	1.8	0.0	2	0	1.8	0.0	2	0	1.9	0.2
Comm. Dev. Block Grant	1	0	1.3	0.0	1	0	1.3	0.0	1	0	1.1	(0.2)
Total	3	0	3.0	0.0	3	0	3.0	0.0	3	0	3.0	0.0
Fire Manning Grant Fund	2	0	1.0	1.0	2	0	2.0	1.0	2	0	1.0	(1.0)
Water & Sewer Fund												
Water Division	4	0	4.0	(2.0)	4	0	4.0	0.0	4	0	4.0	0.0
Sewer Division	4	0	4.0	0.0	4	0	4.0	0.0	4	0	4.0	0.0
Water & Sewer Admin.	1	0	1.5	0.0	1	0	1.5	0.0	1	0	1.5	0.0
Total	9	0	9.5	(2.0)	9	0	9.5	0.0	9	0	9.5	0.0
Motor Pool Fund	3	0	3.0	(1.0)	3	0	3.0	0.0	3	0	3.0	0.0
Total All Funds	162	129	179.5	(25.7)	157	137	175.0	(4.5)	155	138	172.7	(2.3)

On-The-Job Injury Experience

In August of 1998, the Human Resources Department implemented a return-to-work program wherein employees off on long-term periods of workers' compensation leave are returned to work in temporary "bridge" assignments. These jobs vary according to medical restrictions and the type of work needed. As shown in the following bar graph, the program has had some early success, but several severe long-term injuries in Public Services, Police and Fire yielded an increase in the number of workers' compensation incidents in 2003, 2004, and 2006. Nevertheless, the number of reported workers' compensation incidents has declined overall since 2006.

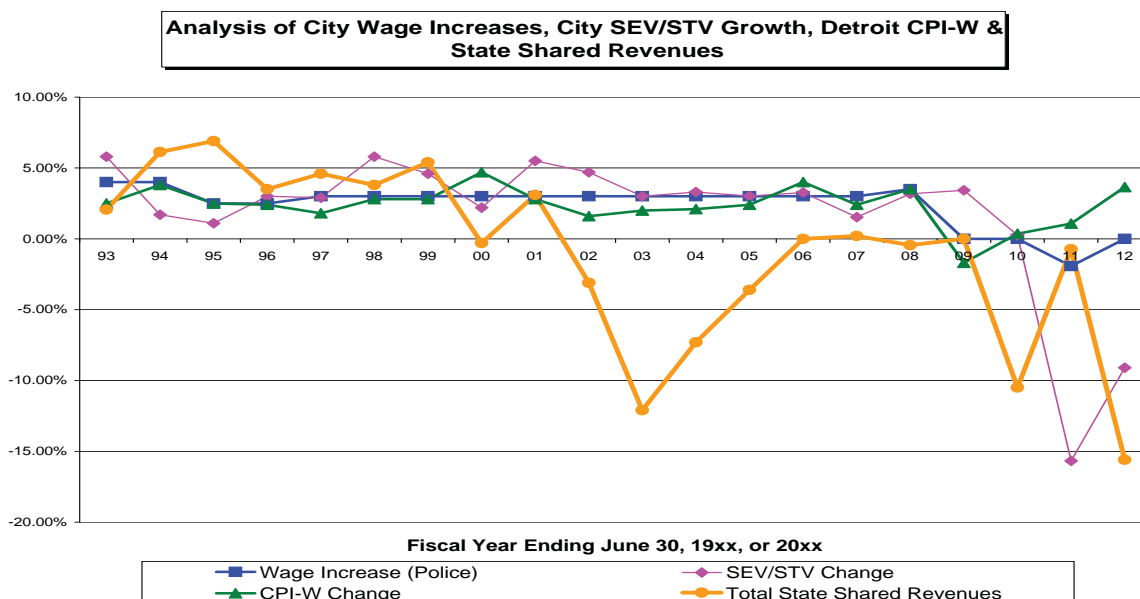


As part of the FY 2010-11 Budget, effective July 1, 2010, the City moved to a self insurance plan where the City is contracting with a third party administrator (Citizens Management) and converted to pay-as-you-go claims. During FY 2009, the City spent \$382,100 on workers' compensation premiums. The fixed cost to self insure was \$33,700 for excess insurance (to provide protection for the City against a high number of workers compensation claims) and \$19,800 for a third Party Administration fee including loss prevention, counseling and a required \$1,500 state assessment.

The City has provided training for Department Heads and Supervisors by Citizens Management to provide education regarding workers compensation and how the City can manage costs better now that we are self-funded. The City has seen some initial success with self-funding our workers' compensation program, as the number of incidents has dropped to 32, and the cost to the City for the first year of the program was \$163,180.

A Look at Wages and Fringe Benefits

Planning for labor negotiations and future wages requires an understanding of how the City's wages have measured up against the City's ability to pay (i.e. growth in tax base) and local inflationary pressures. The next line chart plots the City's overall wage increases for all bargaining units against changes in the City's State Taxable Value (STV), Detroit area Consumer Price Index (CPI-W), and Total State Shared Revenues.

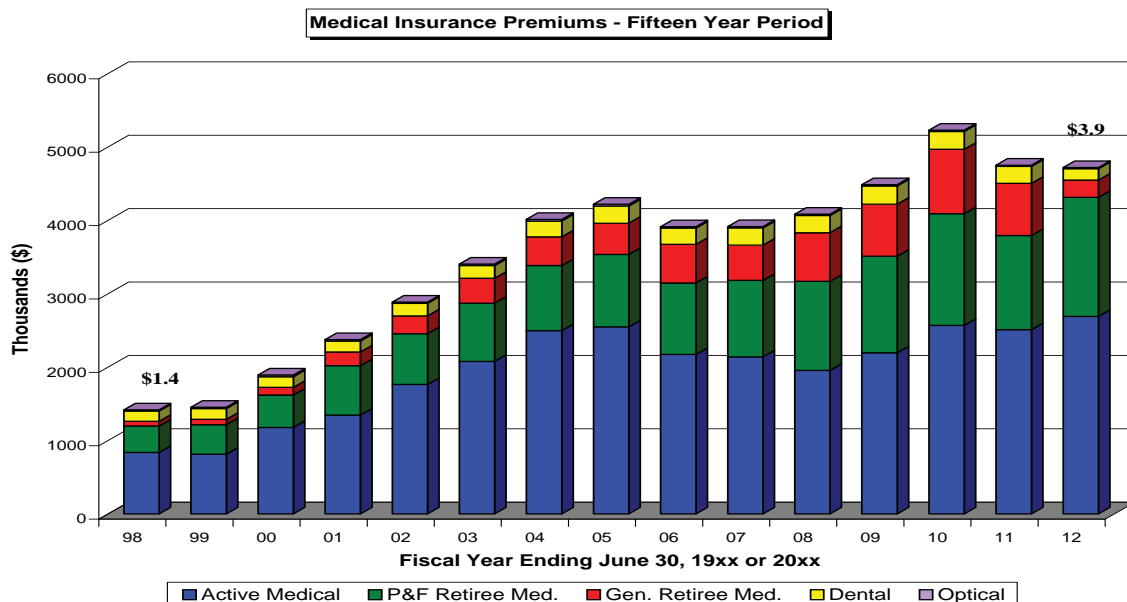


The mild recession of the early nineties is reflected in the downward trend in STV for those years. Beginning in FY 1993-94, wages, inflation, and STV start to converge. Since FY 1994-95, wages and CPI-W have continued between 0% and 4% while STV has fluctuated more due to new construction and the State's changes in the property tax valuation rules. However, beginning in FY 2008-09 and continuing through FY 2011-12 this convergence has drastically changed as the City tries to cope with fewer revenues. This change is the largest downturn in STV that the City has ever experienced. This downturn directly affects the taxes collected by the City and results in decreasing the City's ability to pay, based on the decline in the principal source of property tax revenue, being lower than CPI and wages. Over the last year, wages were frozen, CIP-W change was 3.65%, State shared revenues have increased an additional 27.8% and STV has fallen an additional 27.8%.

Medical Insurance

One of the most important fringe benefits to monitor, with an eye toward cost control, is medical insurance. Despite the downward employment trend since 1999-00, due to workforce reductions, medical cost increases remained in the double digits through FY 2003-04, the impact of which is demonstrated in the chart below, which compares the City's medical insurance premiums over the last fourteen years. Due to the elimination of full-time positions, the City experienced a decrease of 7.2% in FY 2005-06. The FY 2006-07 change is reflective of the elimination of two full-time positions and the moving of those covered by Blue Cross Blue Shield to MERS Premier Health on July 1, 2006, which provided over \$325,000 in savings to the City. The City moved back to Blue Cross Blue Shield in July 2009 due to the dissolution of MERS Premier Health Insurance. Since that time our rates have increased an average of 13.7% per year.

As previously mentioned, the City was able to negotiate a new Community Blue 4 health insurance plan, which includes a \$500/\$1000 deductible, and \$1,500/\$3,000 coinsurance. The anticipated savings are over \$112,500 annually.



Retiree Medical Insurance

In April of 2004, the Government Accounting Standards Board (GASB) issued regulations for the purpose of improving disclosure for liability associated with future retiree health care costs, similar to the existing pension obligation disclosure requirements. Based on these GASB guidelines, the City was required to begin reporting our liability and contributions to fund these liabilities over the next 30 year time frame.

In FY 2006, the City developed and implemented a plan to prefund this liability. Implementation of this plan began when Council approved the establishment of two Trust plans, one for Police and Fire (sworn) Retiree Health Care and a second for General Employee (non-police and fire) Retiree Health Care. The next step was to appropriate the money in the budget. As of June 30, 2010 the City has accumulated \$8.7 million in these trust funds and the unfunded portion of this liability has dropped to \$48.8 from \$58.8 as of June 30, 2004. In FY 2012, the City budgeted a contribution of an additional \$2.5 million.

Along with this funding, another significant change in FY 2012 was the City began to fund retiree health care benefits from the General Employee Retiree Health Care Trust moving away from the traditional pay-as-you-go premium payments. This change has begun to shift the retiree health care premiums from the current General Fund resources to the Trust, allowing the Trust to assume this obligation, but slowing the growth of Trust assets. During FY 2013, the Police and Fire Retiree Health Care Trust will begin to pay a portion of traditional pay-as-you-go premiums as well.

The City has also negotiated labor concessions, in the form of new health care savings accounts, from all the unions, which will reduce this liability in the future. All General employee groups have agreed to eliminate retiree health care in lieu of a health savings plan for all new hires, and the Court employees agreed to change to this plan for all new hires and the majority of current employees. While in the long run this labor negotiation strategy is fiscally sound, the activities require the Trust to be funded over a shorter amortization period, which increases the City's contribution rate over the next few years before declining in the future. The contribution rate for General Employees increased from 15.76 % to 48.43%. The contribution rate for Police and Fire sworn employees increased from 11.81% to 32.54%.

In 2010 the Department of Health and Human Services (HHS) issued an interim final rule implementing the Early Retiree Reinsurance Program, which was created by the Patient Protection and Affordable Care Act. Under the reinsurance program, employers may be reimbursed for a portion of the costs incurred in providing group health benefits to early retirees (those under 65) and their spouses, surviving spouses and dependents. This health care reform law allocated \$5 billion to the reinsurance program to be awarded on a first come first serve basis. Employers accepted into this program receive reinsurance reimbursement for medical claims for retirees age 55 and older who are not eligible for Medicare, and their spouses, surviving spouses, and dependents. The amount of this reimbursement to the employer plan is up to 80% of claims costs for health benefits between \$15,000 and \$90,000. Claims incurred between the start of the plan year July 1, 2009 and June 1, 2010 are credited towards toward the \$15,000 threshold for reimbursement. However, only medical expenses incurred after June 1, 2010 are eligible for reimbursement under this program.

At the Regular Council Meeting of July 26, 2010, Council approved an agreement with RDS Services to verify and administer the City's application and submittal for the Early Retiree Reinsurance Program Subsidy. To date the City has been reimbursed \$390,000 through this program.

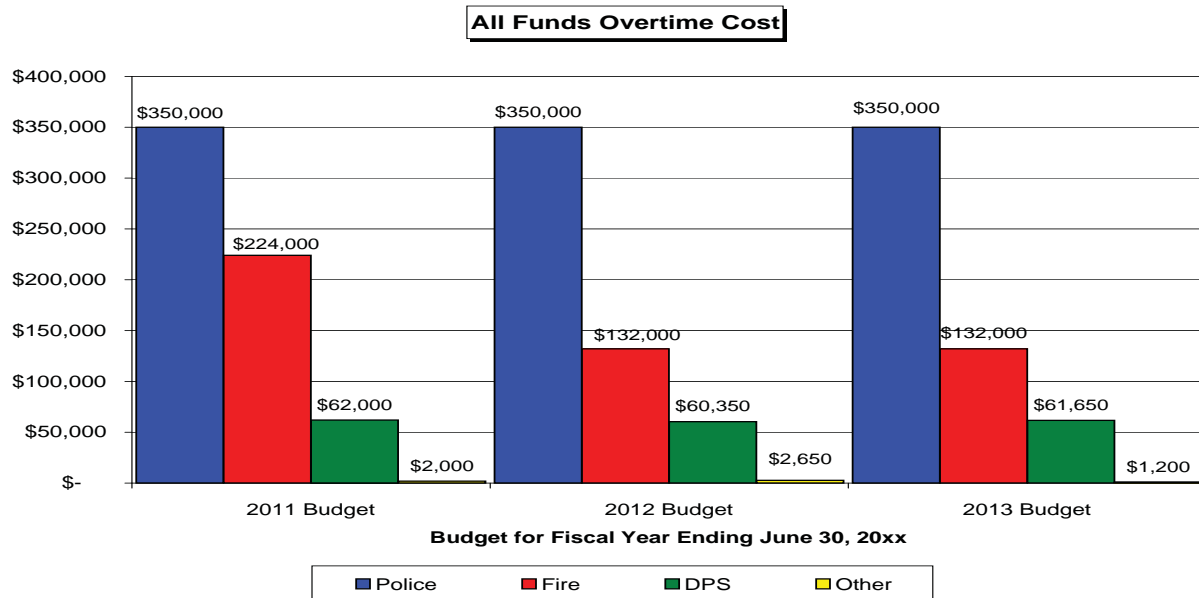
Pensions

The second largest fringe benefit cost component is the employer's contribution to the employee retiree pension plans. This expense is budgeted to be \$2.1 million in FY 2012-13. The City's full-time workforce is divided into two pension groups. All Police and Fire sworn employees are members of the Police and Fire Pension Fund established pursuant to Michigan Public Act 345. The remainder of the full-time employee workforce is covered by the Municipal Employees' Retirement System (MERS).

The budget for the employer contribution to the Police and Fire Pension Fund is 19.9% of total wages based on the City's actuary 2011 recommended contribution rates. In regard to the MERS plan, the pension contribution is budgeted by union group. All general employee groups including non-union have agreed to change pension benefits for new hires from a Defined Benefit (DB) plan to a Defined Contribution (DC) plan. These DC plans are funded at 7.0% by the City with variable employee contributions by union. When a plan changes from DB to DC, the plan becomes closed and the remaining unfunded liability is revised to be paid at a flat dollar amount for the number of employees.

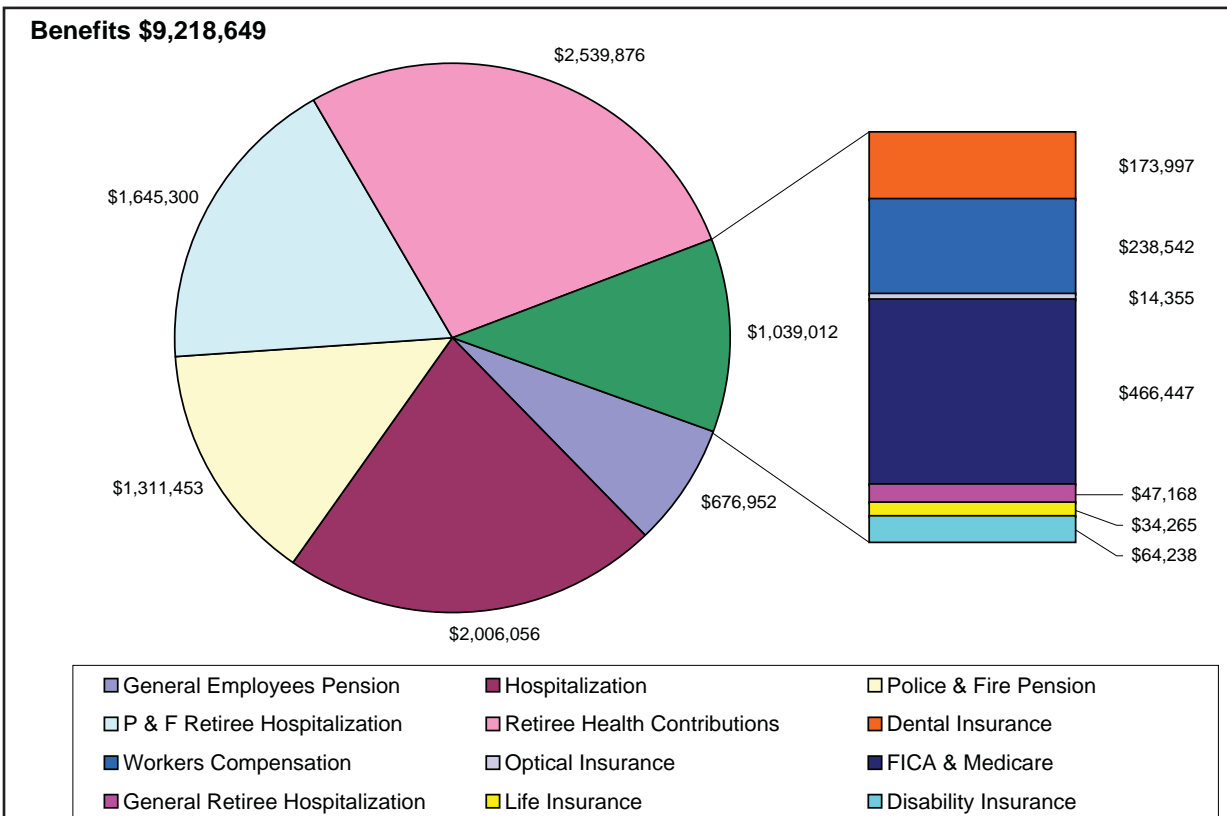
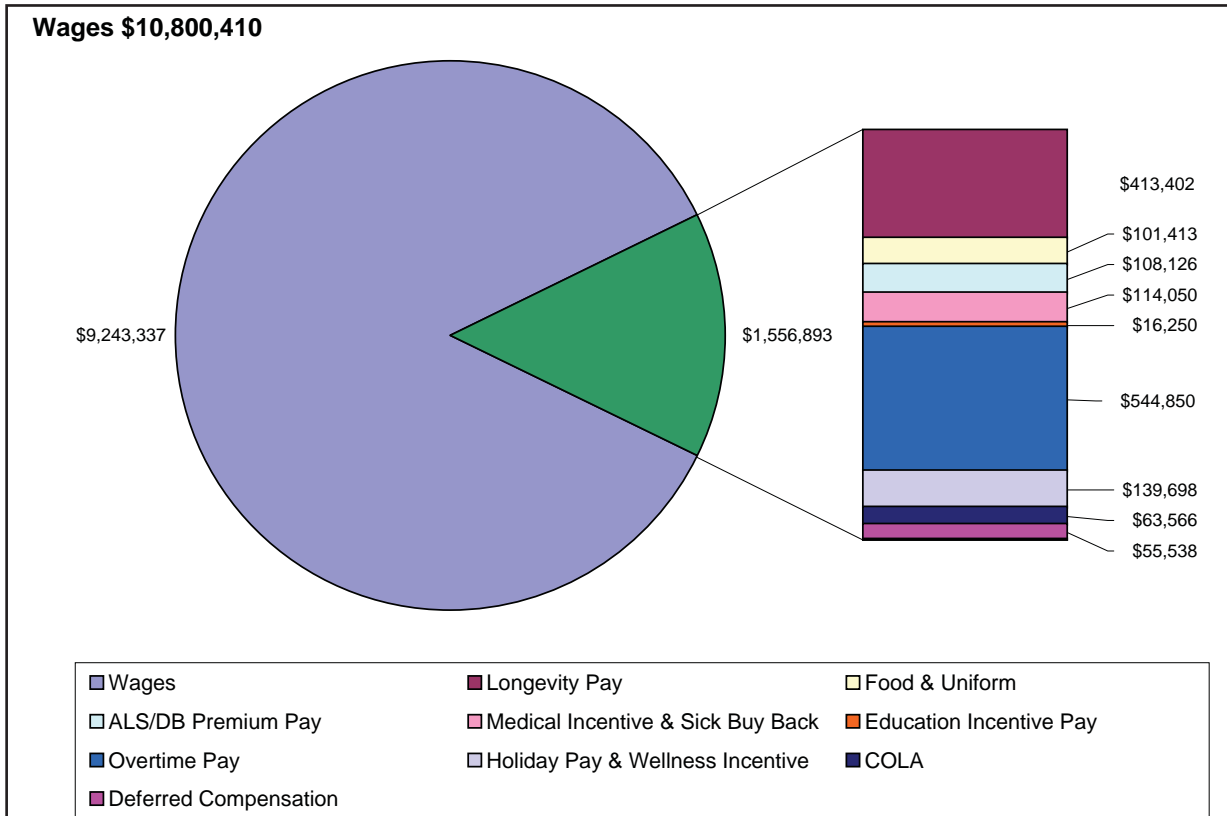
Overtime

Overtime cost for all Funds in FY 2012-13 is budgeted at \$545,000. This amount is equal to the FY 2011-12 amended budget. Overtime budgeted in the Police and Fire Departments amount to \$482,000, and DPS overtime equals \$58,850.



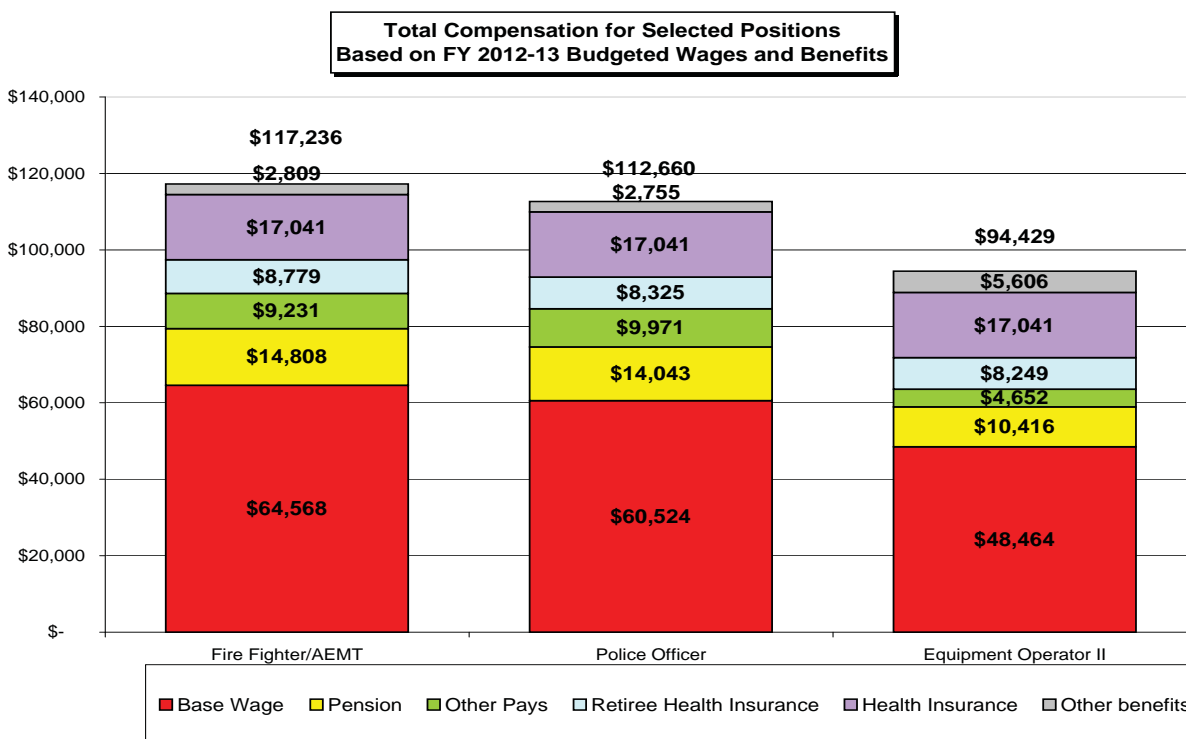
The charts on the next page depicts the City's wage and fringe benefit costs for FY 2012-13.

Wage and Fringe Benefit Costs (\$20,172,396)
Fiscal Year 2012-13 Budget
All Funds



Total Compensation Analysis

In planning for collective bargaining, it is necessary to look at total compensation. For comparative purposes, the next bar chart shows the total FY 2012-13 compensation amount and component percentages for the positions of Fire Fighter/AEMT, Police Officer, and Equipment Operator II, assumed at maximum wage and longevity, and an average overtime cost. The average Fire Fighter/AEMT currently receives 4% more than the average Police Officer. Fringe benefits range from 50% to over 55% of total compensation!



Of course, wages are comprised of pay for time worked and pay for time not worked. The value of leave time is an important wage component to track for purposes of productivity analysis and cost control. The following table shows the cost of leave time for a Police Officer in FY 2012-13. The position's compensation calculation assumes the maximum wage step and longevity.

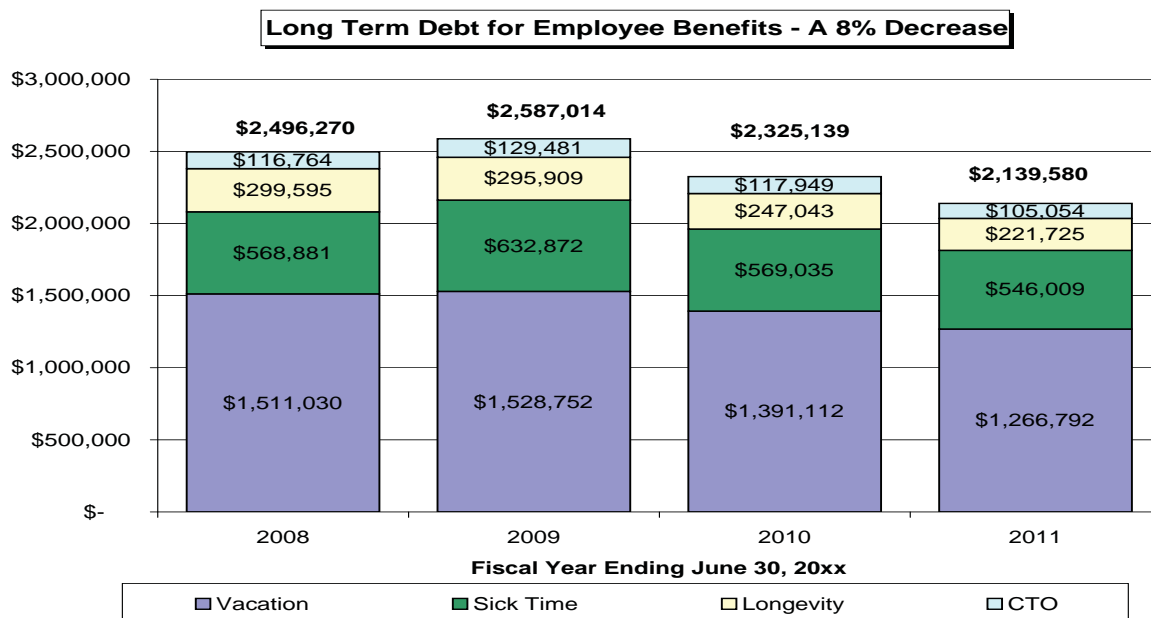
This chart shows the analysis of leave time cost for a Police Officer at maximum wage step and benefits based on FY 2012-13 wages.

Leave Benefit	Days Off Per Year	Value of Leave Benefit
Vacation	25	\$10,833
Holidays	7	3,033
Admin. Leave Days	6	2,600
Sick leave (Max. of 12)	5	2,167
Personal Leave Days	2	867
Total	45	\$19,499

As shown on the previous chart, this Police Officer could have almost one day off per week!

Cash benefits include compensation and other fringe benefits apart from the compensation received for time worked and leave time. Specifically, cash benefits include cost-of-living payments (COLA), sick leave buy-back payments, longevity pay, holiday pay, medical insurance incentive (if applicable), education incentive, and uniform allowance. Other fringe benefits include medical insurance premiums, Medicare employer contributions, optical insurance premiums, dental payments, life insurance premiums, short-term and long-term disability insurance premiums, workers compensation payments, and pension contributions.

In addition, the value of unused employee leave can represent a significant liability for the City at the time of retirement. The following chart shows just how expensive these leave allotments can be by focusing on the key benefits of vacation, sick leave, longevity, and compensatory time off (CTO).



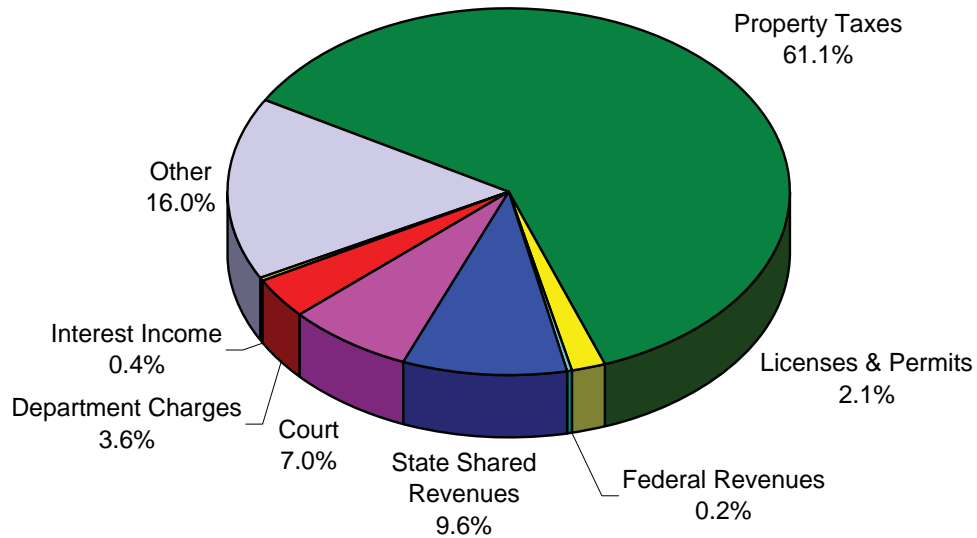
This chart is illustrative of the liability for these benefits as of the last audited fiscal year June 30, 2011.

GENERAL FUND

This chapter provides both a summary of General Fund revenues and expenditures and a review of the services provided, organizational structure, authorized positions, expenditures, revenues, performance measures, key issues, accomplishments and objectives for the General Fund Departments, Divisions and Cost Centers.

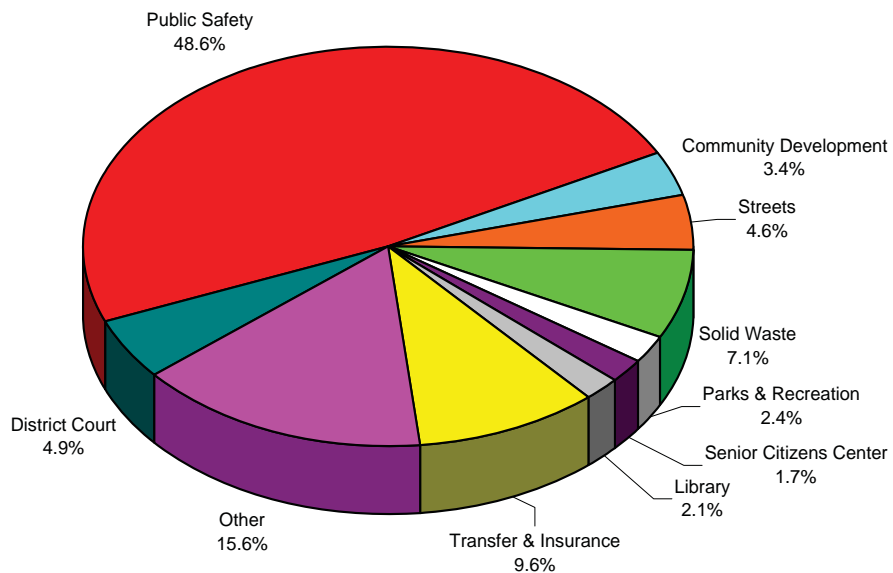
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General Fund Revenues



The principal sources of General Fund Revenues are the Property Tax, Court and State Shared Revenues.

General Fund Expenditures



Police, Fire and Court operations combined make up over half of all General Fund Expenditures.

GENERAL FUND REVENUES AND EXPENDITURES

FY 2012-13 BUDGET

Description	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Revenues by Source:					
Property Taxes	\$ 17,013,561	\$ 19,901,318	\$ 16,653,593	\$ (3,247,725)	(16.3)
Licenses & Permits	356,407	214,050	264,050	50,000	23.4
Non-Business Licenses & Permits	420,997	397,482	396,025	(1,457)	(0.4)
Federal Shared Revenues	249,889	80,000	50,000	(30,000)	(37.5)
State Shared Revenues	2,714,948	2,059,174	2,607,047	547,873	26.6
Payment in Lieu of Taxes	33,566	33,800	33,800	0	0.0
County Shared Revenues	0	41,589	38,500	(3,089)	(7.4)
SMART Revenues	40,439	73,649	64,720	(8,929)	(12.1)
Court Fines and Fees	1,402,074	2,195,510	1,903,000	(292,510)	(13.3)
Charges for Services	202,877	280,328	237,051	(43,277)	(15.4)
Sales-Miscellaneous	10,358	14,000	14,600	600	4.3
Parks & Recreation	202,247	211,824	249,546	37,722	17.8
Miscellaneous Revenues	1,433,870	1,353,164	1,345,430	(7,734)	(0.6)
Sale of Fixed Assets	34,849	43,300	30,000	(13,300)	(30.7)
Department Charges	1,005,455	988,480	985,435	(3,045)	(0.3)
Transfers In	123,336	128,849	105,742	(23,107)	0.0
Prior Years Fund Balance	0	915,005	2,276,500	1,361,495	148.8
Total Revenues	\$ 25,244,873	\$ 28,931,522	\$ 27,255,039	\$ (1,676,483)	(5.8)

Description	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Expenditures by Activity:					
City Council	\$ 51,719	\$ 53,497	\$ 53,456	\$ (41)	(0.1)
District Court	1,389,988	1,466,650	1,330,523	(136,127)	(9.3)
City Manager	312,480	298,568	298,106	(462)	(0.2)
Elections	57,139	33,641	29,665	(3,976)	(11.8)
City Assessor	253,919	237,202	245,101	7,899	3.3
Legal	307,518	311,060	267,410	(43,650)	(14.0)
City Clerk	215,284	238,144	202,778	(35,366)	(14.9)
Human Resources	181,955	213,155	228,827	15,672	7.4
Board of Review	2,448	3,375	3,375	0	0.0
General Administration	982,457	1,416,824	1,555,338	138,514	9.8
Finance	771,898	813,753	811,050	(2,703)	(0.3)
Information Technology	231,774	258,802	261,403	2,601	1.0
Municipal Building	261,522	92,930	78,910	(14,020)	(15.1)
Custodial & Maintenance	207,817	173,303	221,839	48,536	28.0
Police	9,126,302	9,243,129	8,751,213	(491,916)	(5.3)
Fire	5,086,024	5,443,718	4,484,935	(958,783)	(17.6)
Community Development	941,034	958,199	916,892	(41,307)	(4.3)
Streets	957,719	900,397	1,255,604	355,207	39.5
Solid Waste	2,065,986	2,331,140	1,927,986	(403,154)	(17.3)
Recreation	170,909	195,950	150,380	(45,570)	(23.3)
Youth Center	1,513	0	0	0	0.0
Nature Center	9,515	10,527	8,175	(2,352)	(22.3)
Parks	360,671	350,923	507,181	156,258	44.5
Senior Citizens	363,646	361,235	471,136	109,901	30.4
Outside Agencies	18,921	0	0	0	0.0
Library	521,216	625,595	585,563	(40,032)	(6.4)
Insurance, Bonds and Transfers	246,575	2,899,805	2,608,193	(291,612)	(10.1)
Total Expenditures	\$ 25,097,949	\$ 28,931,522	\$ 27,255,039	\$ (1,676,483)	(5.8)

GENERAL FUND REVENUES

FY 2012-13 BUDGET

Description	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Property Taxes	\$ 17,013,561	\$ 19,901,318	\$ 16,653,593	\$ (3,247,725)	(16.3)
Licenses & Permits	777,404	611,532	660,075	48,543	7.9
Federal Revenues	249,889	80,000	50,000	(30,000)	(37.5)
State Shared Revenues	2,714,948	2,059,174	2,607,047	547,873	26.6
Other Government	74,005	149,038	137,020	(12,018)	(8.1)
Court Fines and Fees	1,402,074	2,195,510	1,903,000	(292,510)	(13.3)
Service Fees	405,124	492,152	486,597	(5,555)	(1.1)
Sales - Miscellaneous	45,207	57,300	44,600	(12,700)	(22.2)
Miscellaneous	1,433,870	1,353,164	1,345,430	(7,734)	(0.6)
Department Charges	1,005,455	988,480	985,435	(3,045)	(0.3)
Transfers In	123,336	128,849	105,742	(23,107)	(17.9)
Prior Year's Fund Balance	0	915,005	2,276,500	1,361,495	148.8
Total	\$ 25,244,873	\$ 28,931,522	\$ 27,255,039	\$ (1,676,483)	(5.8)

Description	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
General Government	\$ 5,474,493	\$ 8,510,709	\$ 8,195,974	\$ (314,735)	(3.7)
Public Safety	14,212,326	14,686,847	13,236,148	(1,450,699)	(9.9)
Community Service	3,023,705	3,231,537	3,183,590	(47,947)	(1.5)
Culture and Recreation	1,446,391	1,544,230	1,722,435	178,205	11.5
Community Development	941,034	958,199	916,892	(41,307)	(4.3)
Total	\$ 25,097,949	\$ 28,931,522	\$ 27,255,039	\$ (1,676,483)	(5.8)

Fund Balance - Unrestricted	\$ 4,897,325	\$ 3,982,320	\$ 1,705,820	\$ (2,276,500)	(57.2)
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GENERAL FUND EXPENDITURES

FY 2012-13 BUDGET

GENERAL GOVERNMENT					
Description	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Mayor and Council	\$ 51,719	\$ 53,497	\$ 53,456	\$ (41)	(0.1)
District Court	1,389,988	1,466,650	1,330,523	(136,127)	(9.3)
City Manager	312,480	298,568	298,106	(462)	(0.2)
Legal	307,518	311,060	267,410	(43,650)	(14.0)
Assessor/Board of Review	256,367	240,577	248,476	7,899	3.3
City Clerk/Elections	272,423	271,785	232,443	(39,342)	(14.5)
Human Resources	181,955	213,155	228,827	15,672	7.4
General Administration	982,457	1,416,824	1,555,338	138,514	9.8
Finance	771,898	813,753	811,050	(2,703)	(0.3)
Information Technology	231,774	258,802	261,403	2,601	1.0
Custodial/Maintenance	469,339	266,233	300,749	34,516	13.0
Insurance/Bonds & Transfers	246,575	2,899,805	2,608,193	(291,612)	(10.1)
Total	\$ 5,474,493	\$ 8,510,709	\$ 8,195,974	\$ (314,735)	(3.7)
PUBLIC SAFETY					
Police	9,126,302	9,243,129	8,751,213	\$ (491,916)	(5.3)
Fire	5,086,024	5,443,718	4,484,935	(958,783)	(17.6)
Total	\$ 14,212,326	\$ 14,686,847	\$ 13,236,148	\$ (1,450,699)	(9.9)
COMMUNITY SERVICE					
Streets	957,719	900,397	1,255,604	\$ 355,207	39.5
Solid Waste	2,065,986	2,331,140	1,927,986	(403,154)	(17.3)
Total	\$ 3,023,705	\$ 3,231,537	\$ 3,183,590	\$ (47,947)	(1.5)
CULTURE AND RECREATION					
Recreation	170,909	195,950	150,380	\$ (45,570)	(23.3)
Youth Center	1,513	0	0	0	0.0
Nature Center	9,515	10,527	8,175	(2,352)	(22.3)
Parks	360,671	350,923	507,181	156,258	44.5
Senior Citizens	363,646	361,235	471,136	109,901	30.4
Outside Agencies	18,921	0	0	0	0.0
Library	521,216	625,595	585,563	(40,032)	(6.4)
Total	\$ 1,446,391	\$ 1,544,230	\$ 1,722,435	\$ 178,205	11.5
COMMUNITY DEVELOPMENT					
Total	941,034	958,199	916,892	\$ (41,307)	(4.3)
TOTAL					
General Fund Total	\$ 25,097,949	\$ 28,931,522	\$ 27,255,039	\$ (1,676,483)	(5.8)

Mayor & Council

The citizens of Madison Heights elect the Mayor and six members of the Council. The Mayor is elected for a two-year term and Council members are elected for staggered four-year terms. Key responsibilities include:

- Appointment of the City Manager, to exercise and perform all administrative functions of the City that are not assigned by the City Charter or ordinance to another official;
- Adoption of laws, ordinances and resolutions, as deemed proper to promote and protect the high level of service quality and financial stability in the City; and
- Promotion of community involvement by appointing members to the various Boards and Commissions within the City.

Organizational Structure and Staff

Personnel Summary	2010-11	2011-12	2012-13
Mayor	1	1	1
Mayor Pro-Tem	1	1	1
Councilmembers	5	5	5
Total Elected Officials	7	7	7

The City also has over 240 volunteers who dedicate their time and talents to Madison Heights Boards, Commissions, Committees and support programs. The City Council appoints members to Boards and Commissions including:

- Downtown Development Authority and Brownfield Redevelopment Authority
- Charter Amendment & Ordinance Revision Committee
- Civil Service Commission
- Community Development Block Grant Review Committee
- Crime Commission
- Elected Officials Compensation Commission
- Environmental Citizens Committee
- Historical Commission
- Housing Commission
- Library Advisory Board
- Parks and Recreation Advisory Board
- Planning Commission
- Police and Fire Pension Board and Retiree Health Care Trust Board
- Senior Citizen Advisory Board
- Tax Review Board
- Zoning Board of Appeals

Performance Measures

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
Motions Passed	244	210	200	(10)	(4.8)
Ordinances Adopted	4	5	4	(1)	(20.0)
Presentations Made	16	15	15	0	0.0
Public Hearings Held	16	12	20	8	66.7
Regular/Special Meetings	32	28	28	0	0.0

Financial Summary

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Requirements:					
Personal Services	\$50,373	\$49,513	\$49,472	\$(41)	(0.1)
Supplies	0	0	0	\$0	0.0
Other Services and Charges	1,346	3,984	3,984	\$0	0.0
Capital Outlay	0	0	0	\$0	0.0
Total	\$51,719	\$53,497	\$53,456	\$(41)	(0.1)
Resources:					
General Fund	\$51,719	\$53,497	\$53,456	\$(41)	(0.1)
Total	\$51,719	\$53,497	\$53,456	\$(41)	(0.1)

Key Issues

- In light of financial difficulties created by falling property tax revenues and court revenues, the City is implementing the following measures across the various departmental budgets:
 - Beginning in 2007, the City started funding a Retiree Health Care Trust for Police and Fire Employee's retiree health care benefits. At June 30, 2012, the balance in this Trust is estimated to be approximately \$5.5 million. In accordance with Internal Revenue Service (IRS) Code Section 401(h)(6), a qualified defined benefit pension plan cannot exceed 25 percent of the total actual contributions to the plan on retiree health benefits. FY 2012 will be the first year the City is anticipated to exceed this 25 percent amount. To the extent the City is over the IRS limit, that amount will come from the Retiree Health Care Trust Fund instead of the Police and Fire Pension Fund as an expense of the General Fund. Moving this overage will reduce the direct expenses in the General Fund by \$213,000.
 - Postpone the lower priority replacements of vehicles scheduled in the Capital Improvement Plan until a future budget year as determined by Motor Pool. These vehicles include:
 - Police - Two Administration Vehicles #121 and #124 - \$42,000
 - Fire - Administrative Vehicle #701 - \$20,000
 - Parks - Senior/Handicap Transportation Cart #282 - \$11,000
 - Parks - Utility Maintenance Cart #281 - \$11,000
 - Labor contract concessions were implemented for all non-union employees and the eight current labor agreements which are settled through June 30, 2013. These concessions produce savings in multiple years in areas such as wages and health insurance. The FY 2012-13 General Fund savings exceed \$713,000.

District Court

The 43rd District Court was established by the State of Michigan to render judicial decisions for the citizens of the City. The State is divided into judicial districts, each of which is an administrative unit subject to the control of the Supreme Court. Jurisdiction of the District Court includes all felonies, misdemeanors, civil infractions, and civil and small claim cases.

Organizational Structure and Staff

Personnel Summary	2010-11	2011-12	2012-13
Court Administrator	1	1	1
Chief Deputy Court Clerk	2	2	2
Deputy Court Clerk	4	4	4
Court Officer	1	1	1
Total Full-time	8	8	8
Magistrate	1	1	1
Court Officer	2	1	1
Probation Officer	1	1	1
Total Part-time	4	3	3
Total Employees	12	11	11

The District Court Judge who is an employee of the State of Michigan and elected by local voters supervises eight full-time and three part-time District Court employees. The Judicial staff includes the District Court Judge and a full-time Court Administrator. Also, a part-time Magistrate hears small claims cases, signs warrants, sets bonds, etc. The Court is subdivided into five functional divisions including: Criminal Cases, Civil Cases, Small Claims, Probation and Traffic Bureau.

- The Criminal Division handles all felony and misdemeanor complaints filed by law enforcement.
- The Civil Cases Division handles the jurisdiction of all civil litigation up to \$25,000.
- The Small Claims Division hears civil cases filed below \$3,000 and requires no attorney.
- The Probation Division provides services to the Judge and probationary clients. The Probation Officer provides special reports and analysis to the Judge for assistance on sentencing decisions.
- The Traffic Bureau Division handles complaints filed by law enforcement agencies regarding traffic and City ordinances.

Financial Summary

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Requirements:					
Personal Services	\$1,032,309	\$962,738	\$943,097	\$(19,641)	(2.0)
Supplies	33,342	31,800	38,300	6,500	20.4
Other Services and Charges	317,016	342,112	339,126	(2,986)	(0.9)
Capital Outlay	7,321	130,000	10,000	(120,000)	(92.3)
Total	\$1,389,988	\$1,466,650	\$1,330,523	\$(136,127)	(9.3)
Resources:					
Court Salary Standard	\$25,174	\$45,724	\$45,725	\$1	0.0
Court Fines	658,906	1,465,510	1,158,500	(307,010)	(20.9)
Forfeits	15,820	15,000	21,500	6,500	43.3
Reimbursed Court Costs	429,019	425,000	425,000	0	0.0
Bond Fees	49,748	50,000	50,000	0	0.0
Probation Oversight	238,861	230,000	238,000	8,000	3.5
Violation Clearance	9,720	10,000	10,000	0	0.0
General Fund	(37,260)	(774,584)	(618,202)	156,382	(20.2)
Total	\$1,389,988	\$1,466,650	\$1,330,523	\$(136,127)	(9.3)

Key Issues

- The third largest source of General Fund Revenue is composed of Court fines, forfeits and charges (\$1.9 million), which are used to partially offset the cost of operating our State-mandated District Court, Police Department and legal prosecution costs. The Budget forecasts a \$293,000 decrease (13.3%) in Court-related revenues based on current ticket volume and collection rates. Ticket volume reductions are related to the recent police retirements and the success of improving compliance resulting from the new trash day parking enforcement. According to Judge Hunt, Court revenue collection rates are down due to the economy downturn's impact on offender's ability to pay.
- The Court's Budget includes the new labor agreement savings and will maintain the current level of service.

City Manager

The City Manager is appointed by the City Council and serves as the chief administrative officer.

The City Manager is responsible for:

- Implementation of policies and direction set by the City Council;
- Direction and supervision of all City Departments, oversight of all personnel functions and purchasing activities of the City;
- Administrative support at all Council meetings;
- Enforcement of municipal ordinances, Charter provisions, and other laws and regulations;
- Preparation of the annual operating budget;
- Reports to the Council on a continuing as well as ad hoc basis on the City's finances, operations and future needs; and,
- Other administrative duties such as assuring positive relationships with the public, working with outside governmental and non-governmental agencies, investigating and adopting new technologies and coordinating public information.

Organizational Structure and Staff

Personnel Summary	2010-11	2011-12	2012-13
City Manager	1	1	1
Executive Assistant	1	1	1
Total Full-time	2	2	2
Total Employees	2	2	2

Performance Measures

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
Agenda Items	219	200	190	(10)	(5.0)
Weddings Performed	37	41	44	3	7.3
<u>Efficiency/Effectiveness</u>					
# of Days From Adoption of Budget to GFOA Submittal	17	0	0	0	0.0
General Fund Budget Amendments as a % of Adopted Budget	(5.0)	1.5	1.0	(0.5)	(33.3)

Financial Summary

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Requirements:					
Personal Services	\$304,665	\$289,484	\$289,801	\$317	0.1
Supplies	77	150	150	0	0.0
Other Services and Charges	7,738	8,934	8,155	(779)	(8.7)
Capital Outlay	0	0	0	0	0.0
Total	\$312,480	\$298,568	\$298,106	\$(462)	(0.2)
Resources:					
General Fund	\$312,480	\$298,568	\$298,106	\$(462)	(0.2)
Total	\$312,480	\$298,568	\$298,106	\$(462)	(0.2)

Key Issues

- The budget for this office includes the new non-union labor concessions and will maintain the current level of service.

City Clerk & Elections

The Clerk's Office consists of the City Clerk who is appointed by the City Manager and one full-time Office Assistant. During elections, there are 72 Election Workers who participate in running the election precincts. The number of elections and the anticipated voter turnout determine the number of election workers. The Clerk's Office is responsible for:

- Retaining all official records of the City;
- Attending all City Council Meetings and various board meetings to record official actions in the form of minutes, indices, adjustments of directories and updates to the Code of Ordinances;
- Preparing ceremonial certificates of commendation and testimonials;
- Issuing animal licenses; coordinating temporary, seasonal and initial and renewal of annual retail and service business licenses; right-of-way and door-to-door solicitation permits;
- Administering the Elections Division, which is responsible for voter registration and conducting Federal, State, County, City and School Elections in accordance with the Federal and State Election Laws while striving to protect the rights of voters; and,
- Maintaining a medical equipment loan closet to provide use of wheelchairs, crutches, canes and walkers for residents.

Organizational Structure and Staff

Personnel Summary	2010-11	2011-12	2012-13
City Clerk	1	1	1
Office Assistant II	1	1	1
Total Full-time	2	2	2
Election Workers-Chairpersons	21	24	24
Election Workers	39	48	48
Total Part-time	60	72	72
Total Employees	62	74	74

Accomplishments

Resource Management:

- Created and trained election "receiving boards" to expedite and improve accuracy of precinct election data to Oakland County Board of Canvassers on election nights.
- Conducted three special elections, the Lamphere School District Election on August 2, 2011, the City's General Election on November 8, 2011 and the Presidential Primary on February 28, 2012.

Objectives

Resource Management:

- Conduct two elections, the State Primary Election on August 7, 2012 and the Presidential Election on November 6, 2012.
- Verify necessary retention schedule requirements are being met and convert historical paper documents to imaging system prior to deterioration.

Performance Measures

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
Animal Licenses Issued	873	732	800	68	9.3
Birth/Death Cert. Processed	390	393	390	(3)	(0.8)
Business Licenses Issued	649	627	650	23	3.7
Voters Registered	20,542	20,581	20,600	19	0.1
<u>Efficiency/Effectiveness</u>					
% Registered Voted	38	13	50	37	284.6
% Voted Absentee	24	46	35	(11)	(23.9)
# of Machines that required repair on Election Day	1	2	1	(1)	(50.0)

Financial Summary

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Requirements:					
Personal Services	\$203,749	\$222,147	\$186,601	\$(35,546)	(16.0)
Supplies	2,182	3,605	3,235	(370)	(10.3)
Other Services and Charges	9,353	12,392	12,942	550	4.4
Subtotal-Elections	57,139	33,641	29,665	(3,976)	(11.8)
Total	\$272,423	\$271,785	\$232,443	\$(39,342)	(14.5)
Resources:					
Business Licenses	\$619,128	\$539,657	\$446,874	\$(92,783)	(17.2)
Animal Licenses	298,483	188,376	214,050	25,674	13.6
Bicycle Licenses	0	0	0	0	0.0
Vital Health Statistics	15,673	17,720	21,500	3,780	21.3
Maps	12,233	0	0	0	0.0
Election Reimbursement	45,801	11,723	11,723	0	0.0
General Fund	(718,895)	(485,691)	(461,704)	23,987	(4.9)
Total	\$272,423	\$271,785	\$232,443	\$(39,342)	(14.5)

Key Issues

- The budget includes staff funding for the August 7, 2012 State Primary Election and for the November 6, 2012 Presidential Election.
- The City Clerk's Office budget includes the new labor agreement savings and will fund operations at current service levels.

Assessing

The Assessing function has been moved to the Finance Department, with contractual services provided by Oakland County Equalization Department. Assessing responsibilities include:

- Operating under the provisions of the General Property Tax Act of 1893, as amended, and applicable local charter provisions;
- Monitoring and maintaining the “principal residence” status of all property throughout the City as well as tracking property transfers;
- Developing special assessment district rolls used to fund infrastructure improvements;
- Defending all assessments before the Michigan Tax Tribunal and supporting economic development efforts; and
- Handling the appraisal of all real estate and personal property for property tax purposes on an annual basis. There are over 11,500 real property descriptions and 1,675 personal property accounts in the City.

Accomplishments

Resource Management:

- Assisted Community Development in revoking Valenite’s Industrial Facilities Tax, which resulted in payment of \$163,000.
- Settled or dismissed 322 Michigan Tax Tribunal cases, resulting in the preservation of \$47.7 million in taxable value.

Objectives

Resource Management:

- Establish new market and taxable property values for 2013.
- Conduct audits of personal property accounts for 2% of all personal property accounts.

Performance Measures

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
Board of Review Appeals	549	299	250	(49)	(16.4)
Mich. Tax Tribunal Cases	188	83	80	(3)	(3.6)
Personal Property Audits	55	56	50	(6)	(10.7)
Property Revaluation	13,237	13,188	13,300	112	0.8
<u>Efficiency/Effectiveness</u>					
% Assessment Changes Processed by Deadline	100	100	100	0	0.0
% Parcels Added/Deleted by Deadline	100	100	100	0	0.0
Minutes to Process Assessment Change	5	5	4	(1)	(20.0)
Minutes to Process Homestead Exemption Filing	5	5	4	(1)	(20.0)

Financial Summary

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Requirements:					
Personal Services	\$0	\$0	\$0	\$0	0.0
Supplies	2,694	3,000	0	(3,000)	(100.0)
Other Services and Charges	251,225	234,202	245,101	10,899	4.7
Capital Outlay	0	0	0	0	0.0
Subtotal-Board of Review	2,448	3,375	3,375	0	0.0
Total	\$256,367	\$240,577	\$248,476	\$7,899	3.3
Resources:					
Assessing Fees	\$0	\$0	\$0	\$0	100.0
General Fund	256,367	240,577	248,476	7,899	3.3
Total	\$256,367	\$240,577	\$248,476	\$7,899	3.3

Key Issues

- In spring of 2010, the City replaced its in-house Assessing Office with a contract with Oakland County Equalization Department at a savings of \$137,000.
- Given the increase in commercial and industrial property tax appeals to the Michigan Tax Tribunal, the legal fees for the City Attorney have been increased by \$10,000 to \$48,000.

Legal Department

The City's legal services are contracted to a number of external legal firms. The City Attorney, as called for in the City Charter, is appointed by the City Council. The City also retains services of a legal specialist in the areas of telecommunications, labor relations, liability claims and environmental protection. The Legal Department's responsibilities include:

- Providing legal representation and advising the City Council and City Administration;
- Representing the City in civil and criminal matters;
- Preparing and/or reviewing ordinances, resolutions and contracts to ensure compliance;
- Presenting legal updates to City Administration; and
- Attending City Council meetings.

Performance Measures

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
Legal Counsel (Hours)					
Tax Tribunal	518	430	340	(90)	(20.9)
Labor	1,678	1,425	1,425	0	0.0
General	1,488	1,456	1,450	(6)	(0.4)
Telecommunications	3	5	4	(1)	(20.0)

Financial Summary

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Requirements:					
Personal Services	\$0	\$0	\$0	\$0	0.0
Supplies	6,879	5,300	5,300	0	0.0
Other Services and Charges	300,639	305,760	262,110	(43,650)	(14.3)
Capital Outlay	0	0	0	0	0.0
Total	\$307,518	\$311,060	\$267,410	\$(43,650)	(14.0)
Resources:					
General Fund	\$307,518	\$311,060	\$267,410	\$(43,650)	(14.0)
Total	\$307,518	\$311,060	\$267,410	\$(43,650)	(14.0)

Key Issues

- Between July and December of 2011, the City settled labor agreements with all eight employee unions. The new labor agreements don't expire until June 30, 2013. In addition, the State has put in place a number of labor negotiation reforms that expedited the process resulting in substantial legal labor counsel savings estimated at 37.5 percent, or \$45,000.

Human Resources Department

The Human Resources Department consists of the Human Resources Director who is appointed by the City Manager, and the Purchasing and Personnel Assistant whose costs, based on workload, is split between Human Resources and General Administration Departments. The Human Resources Department is responsible for:

- Researching and formulating policy as directed by the City Manager or initiated by the Department; and
- The following additional functions: coordination of employee recruitment and selection, training, counseling, medical evaluation, discipline, grievance administration, staffing analysis and planning, labor relations, labor contract negotiations, employee health and safety, return-to-work program, compensation administration, positions control, pay and classification review, employee wellness and other matters.

Organizational Structure and Staff

Personnel Summary	2010-11	2011-12	2012-13
Human Resources Director	1	1	1
Purchasing and Personnel Coordinator/Assistant	1	0	0
Total Full-time	2	1	1
Total Employees	2	1	1

Accomplishments

Resource Management:

- Continued to transition eligible retirees to the new Medicare Advantage health insurance program.
- Successfully negotiated the 2008-13 Collective Bargaining Agreements with the Firefighter and Police Command bargaining units without having to resort to the 312 Arbitration process, and successfully negotiated the 2011-13 Collective Bargaining Agreement for all other bargaining units. All contracts included wage freezes, unpaid holiday concessions, health care concessions, and continued or newly implemented concessions for new hires.
- Coordinated informational meetings for the new Community Blue 4 Health Plan.
- Assisted the Finance Department with the implementation and administration of the new Flexible Spending Account (FSA) and supplemental insurance programs.
- Conducted entry level recruitment and promotional processes for the Fire Department, resulting in eligibility lists for Fire Fighter, Fire Sergeant, and Fire Lieutenant.
- Conducted Assessment Center and interviews for Fire Chief.
- Held employee contests with gift certificates as prizes to help improve employee morale.

Objectives

Resource Management:

- Assist with implementation and administration of the new Blue Cross Blue Shield - Community Blue 4 health insurance and FSA programs.
- Assist and support operating departments with the implementation of Budget Reduction Measures for FY 2012-13.
- Implement emergency evacuation plan for City buildings and conduct periodic training on same.

Performance Measures

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Performance Measures:					
<u>Workload Indicators:</u>					
Entry-level Recruit/ Selections	2	9	5	(4)	(44.4)
Grievances Resolved	7	16	20	4	25.0
Promotions Processed	3	7	7	0	0.0
<u>Efficiency/Effectiveness</u>					
# of Lost or Restricted Days Due to Workers Comp.	577	392	450	58	14.8
% of Full-Time Positions Filled Within 90 Days of Vacancy	40	30	20	(10)	(33.3)
% of Salary/Wage Changes Processed On or Before Effective Date	100	100	100	0	0.0

Financial Summary

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Requirements:					
Personal Services	\$145,725	\$171,583	\$172,038	\$455	0.3
Supplies	418	0	0	0	0.0
Other Services and Charges	35,812	41,572	56,789	15,217	36.6
Capital Outlay	0	0	0	0	0.0
Total	\$181,955	\$213,155	\$228,827	\$15,672	7.4
Resources:					
General Fund	\$181,955	\$213,155	\$228,827	\$15,672	7.4
Total	\$181,955	\$213,155	\$228,827	\$15,672	7.4

Key Issues

- As a result of Police Department retirements, the City is scheduled to hire additional police officers and conduct promotions for the positions of Sergeant, Lieutenant and Deputy Chief. A total of \$15,000 has been added to fund recruitment advertisements, testing, oral panels and assessment centers.
- The Department's budget includes the new labor agreement savings and will maintain the current level of service.

General Administration

General Administration is responsible for conducting many of the City's centralized administrative functions such as purchasing, communication administration, cable television production and special projects as assigned. A portion of the Purchasing and Personnel Assistant's compensation is funded through this budget.

Organizational Structure and Staff

Personnel Summary	2010-11	2011-12	2012-13
Deputy City Manager	1	0	0
Purchasing and Personnel Assistant	0	1	1
Total Full-time	1	1	1
Total Employees	1	1	1

Accomplishments

Resource Management:

- Continued to participate in Constellation Energy and Consumers Choice program for natural gas, resulting in annual savings of approximately \$15,000.
- Assisted Department of Public Services with energy reduction goals by preparing and posting bids for several energy savings projects.
- Successfully renewed service contracts with existing vendors, saving the City approximately \$10,000 in costs related to potential price increases and costs for staff time to develop specifications and analyze bids.
- Successfully auctioned surplus vehicles, information technology equipment and other City surplus items on the City's co-op website, netting approximately \$27,000.
- Renegotiated postage machine contract, resulting in a projected savings of \$3,600 over a 60 month lease.

Objectives

Resource Management:

- Implement appropriate amendments to purchasing policy and ordinance to allow for online competitive sealed bid process.
- Continue to utilize the cooperative purchasing website to attain optimal revenue when selling surplus items.
- Revisit use of ZipMail® or similar bulk mail savings program to determine whether savings may be obtained without sacrificing service.

Performance Measures

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
Cable Messages Posted	136	125	130	5	4.0
Number of Formal Bids	12	10	10	0	0.0
<u>Efficiency/Effectiveness</u>					
% Cable Television Bulletin Board Up Time	99	99	99	0	0.0
% of Formal Bids Within Budgeted Amount	100	100	100	0	0.0
Web Site Traffic	90,200	94,036	100,000	5,964	6.3

Financial Summary

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Requirements:					
Personal Services	\$773,973	\$1,237,408	\$1,354,852	\$117,444	9.5
Supplies	61,613	49,500	55,880	6,380	12.9
Other Services and Charges	146,871	111,916	104,606	(7,310)	(6.5)
Capital Outlay	0	18,000	40,000	22,000	0.0
Total	\$982,457	\$1,416,824	\$1,555,338	\$138,514	9.8
Resources:					
Cell Tower	\$26,519	\$24,500	\$28,600	\$4,100	16.7
General Fund	955,938	1,392,324	1,526,738	134,414	9.7
Total	\$982,457	\$1,416,824	\$1,555,338	\$138,514	9.8

Key Issues

- The General Administration Budget funds some general retiree costs not chargeable to specific operating departments. The increase in Personal Services account is related to actuarial determined retiree health care contributions for future retirees (\$85,000) and the Medicare Advantage retirees expenses (\$34,000).
- The Budget includes Capital Outlay expenditures of \$40,000 for City Hall Council Chamber audio upgrade and enhanced cable broadcast playback capabilities.

Finance Department

The Finance Department consists of an Assistant City Manager for Administrative Services, Accounting Supervisor, one accountant, and five full-time Fiscal Assistants. The Finance Department is responsible for:

- Preparing and maintaining the City's financial statements in compliance with the requirements of the Governmental Accounting Standards Board;
- Accounting, pension administration, risk management, treasury and oversight of assessing functions;
- Improving the online data processing of financial reporting, accounting, accounts payable, budgeting, cash receipts, payroll, pension management, purchasing and encumbrance system, tax and utility billing and collections;
- Assisting in budget development, implementation, maintenance and control; and
- Additionally, the Finance Department provides support services to other departments, including being part of the management team in labor negotiations with all employee bargaining units.

Organizational Structure and Staff

Personnel Summary	2010-11	2011-12	2012-13
Assistant City Manager for Administrative Services	1	1	1
Accounting Supervisor	1	1	1
Accountant	1	1	1
Fiscal Assistant II	4	4	4
Fiscal Assistant I	1	1	1
Total Full-time	8	8	8
Total Employees	8	8	8

Accomplishments

Resource Management:

- Received the Government Finance Officers Association's (GFOA) Distinguished Budget Award.
- Set up a cafeteria plan for the City to allow pre-tax contributions to employees' Flexible Spending Accounts.
- Implemented mandatory direct deposit including emailing check stubs.
- Implemented automatic payments for vendors, reducing accounts payable checks to be printed.
- Completed financial software conversion to BS&A.net.
- Completed implementation of system supporting face to face credit card transactions.

Objectives

Resource Management:

- Complete annual audit and have Annual Financial Report finalized within three months of fiscal year end.
- Have property tax, special assessment, water/sewer and other unpaid bills settlement balanced and to Oakland County for reimbursement by the end of March.

Performance Measures

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
# of Investment Transactions	16	23	20	(3)	(13.0)
# of Payroll Checks Issued	7,511	1,798	325	(1,473)	(81.9)
# of Payroll Direct Deposits	1,213	4,561	7,175	2,614	57.3
# of Payroll Checks Voided	5	10	5	(5)	(50.0)
Accts. Payable Checks Issued	8,327	6,966	6,500	(466)	(6.7)
# of Automatic Clearing House (ACH) Direct Deposits	0	806	1,200	394	48.9
# of Water Customers Utilizing ACH Payment	857	948	1,036	88	9.3
<u>Efficiency/Effectiveness</u>					
Average Man Hours Lost Per Workers Compensation Claim	657	430	500	70	16.3
Cost Per Payroll Check (dollars)	10	10	11	1	10.0

Financial Summary

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Requirements:					
Personal Services	705,033	743,009	733,163	\$(9,846)	(1.3)
Supplies	7,652	3,468	6,468	3,000	86.5
Other Services and Charges	59,213	67,276	71,419	4,143	6.2
Capital Outlay	0	0	0	0	0.0
Total	\$771,898	\$813,753	\$811,050	\$(2,703)	(0.3)
Resources:					
Mobile Home Tax	\$1,776	\$2,050	\$2,050	\$0	0.0
Property Tax Admin. Fees	552,162	446,874	456,939	10,065	2.3
Garbage Bag Sales	4,745	10,000	10,000	0	0.0
Interest Income on Deposits	114,685	125,000	125,000	0	0.0
General Fund	98,530	229,829	217,061	(12,768)	5.6
Total	\$771,898	\$813,753	\$811,050	\$(2,703)	(0.3)

Key Issues

- The Department's budget includes the new labor agreement savings and will maintain the current level of service.

Information Technology

The Information Technology Department consists of the Management Information Systems Administrator and an Information Systems Specialist. The Information Technology Office is responsible for supporting the City's Wide Area Network (WAN) and computer related functions. Examples of key services provided include: installation and support of microcomputers, technical support liaison for all hardware and software, water and tax bill coordination and assistance in setting the technological direction for the City.

Organizational Structure and Staff

Personnel Summary	2010-11	2011-12	2012-13
MIS Administrator	1	1	1
Information Systems Specialist	1	1	1
Total Full-time	2	2	2
Total Employees	2	2	2

Accomplishments

Resource Management:

- Eliminate unnecessary phone circuits at Police Department (\$7,500 annual savings).
- Work with Department of Public Service and vendors to complete wireless Automated Meter Reading (AMR) system.
- Consolidate file servers to lower replacement and maintenance costs.
- Implement new .Net based financial system.
- Replaced key network switches in several buildings.

Objectives

Resource Management:

- Continue to investigate emerging technologies to improve efficiency.
- Replace 25 computers based on computer replacement plan.
- Upgrade Microsoft Office and Adobe software products.

Performance Measures

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
Platforms Supported	7	7	7	0	0.0
Applications Supported	36	36	36	0	0.0
<u>Efficiency/Effectiveness</u>					
Number of computer workstations per IT FTE	91	97	97	0	0.0
Operating expenditures per workstation	3,159	3,000	3,000	0	0.0
Satisfaction with timeliness for IT assistance request	70%	75%	80%	5%	6.7

Financial Summary

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Requirements:					
Personal Services	\$220,816	\$249,552	\$213,153	\$(36,399)	(14.6)
Supplies	10,938	8,650	25,150	16,500	190.8
Other Services and Charges	20	600	600	0	0.0
Capital Outlay	0	0	22,500	22,500	0.0
Total	\$231,774	\$258,802	\$261,403	\$2,601	1.0
Resources:					
General Fund	\$231,774	\$258,802	\$261,403	\$2,601	1.0
Total	\$231,774	\$258,802	\$261,403	\$2,601	1.0

Key Issues

- The Department's budget includes the new labor agreement savings and will maintain the current level of services.
- The Supplies account includes \$16,500 for the purchase of 26 new computers scheduled in the five-year replacement plan. The new computers will help the City catch up on deferred purchases and save time spent repairing failing computers at a fraction of the cost of the original equipment.
- Most of the computers used by the City have Microsoft 2000 and 2003 installed as their operating system. In order to maintain effective electronic communication with other organizations, the Budget includes \$30,000 (\$22,500 General Fund & \$7,500 Water & Sewer Fund) financed through the Fund Balance Project to upgrade Microsoft Office & Adobe Acrobat software.

Custodial & Maintenance Division

The services of the Custodial and Maintenance Division of the Department of Public Service are provided on an assignment basis by Department of Public Service employees and contractors. The Division is responsible for:

- Maintaining City buildings, which includes: preventative maintenance and repairs; planned improvements; and
- Custodial services through outside contractors at the Library, District Court, Police Station, Senior Citizens Center, City Hall and the Department of Public Service buildings.

Accomplishments

Resource Management:

- Performed a comprehensive study to assess the condition of all roofs on City buildings.
- New roof installed at the 43rd District Court.
- New roof installed at the Department of Public Service above Motor Pool area with energy grant funds.
- Needed repairs to roofs at the Department of Public Service and Police Station were performed to increase longevity.
- Completed Phase II of our energy improvements with upgrades to exterior lighting at the Department of Public Service, Recreational Vehicle lot, Library, and 43rd District Court.
- Performed mold abatement and started troubleshooting humidity problem at Fire Headquarters Station.

Objectives

Resource Management:

- Address failing Water and Sewer section roof at the Department of Public Service.
- Continue to monitor Energy Sciences with HVAC upgrades at the Senior Center and exterior upgrades at the Police Department.
- Solve humidity issue at Fire Headquarters Station.

Performance Measures

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
Boiler Inspections	6	6	6	0	0.0
Boiler Water Treatment	12	12	12	0	0.0
Elevator Inspections	51	51	51	0	0.0
Filter Replacements	1,060	1,065	1,065	0	0.0
<u>Efficiency/Effectiveness</u>					
Cost per square foot City Hall Utilities (\$)	0.94	0.96	1.17	0.21	21.9

Financial Summary

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Requirements:					
Personal Services	\$27,006	\$26,599	\$25,961	\$(638)	(2.4)
Supplies	24,292	17,250	17,250	0	0.0
Other Services and Charges	156,519	129,454	140,628	11,174	8.6
Capital Outlay	0	0	38,000	38,000	0.0
Subtotal-Municipal Bldg.	261,522	92,930	78,910	(14,020)	(15.1)
Total	\$469,339	\$266,233	\$300,749	\$34,516	13.0
Resources:					
General Fund	\$469,339	\$266,233	\$300,749	\$34,516	13.0
Total	\$469,339	\$266,233	\$300,749	\$34,516	13.0

Key Issues

- This budget includes the new labor agreement savings and will maintain the current level of service.
- The Capital Outlay account includes \$10,000 for the replacement of five entry doors at the Department of Public Service, City Hall, Police Station and Civic Center Park Shelter building (Fund Balance Project); and \$28,000 to replace the building maintenance van.

Police Department

The Police Department is the largest department with 57 full-time positions, including one Animal Control Officer, 17 part-time Crossing Guards, one part-time Animal Control Support Worker and one part-time Records Clerk. The Department is responsible for:

- Establishing a safe environment for residents and businesses through community policing, crime suppression, maintaining order and responding to emergencies and calls for assistance;
- Solving crimes by successful investigation and prosecution; and
- Helping citizens who wish to become more involved and aware of methods of crime prevention in their community. Current volunteer groups include Police Reserves, Crisis Response Team and Police Explorers, who are young people interested in law enforcement careers.

Organizational Structure and Staff

Personnel Summary	2010-11	2011-12	2012-13
Police Chief	1	1	1
Deputy Police Chief	1	1	1
Lieutenants	4	4	4
Sergeants	10	8	8
Police Officers	33	31	31
Administrative Secretary	1	1	1
Information Systems Specialist	1	1	1
Office Assistant II	2	2	1
Police Service Assistants	8	8	8
Animal Control Officer	1	1	1
Total Full-time	62	58	57
Crossing Guards	17	17	17
Animal Control Support	1	1	1
Records Clerk	0	0	1
Total Part-time	18	18	19
Total Employees	80	76	76

Accomplishments

Public Safety:

- Replaced department's firearms with new models of Glock pistols using Federal Grant funds.
- Reinstated the Motor Carrier Unit for enforcement of motor carrier laws.
- Trained three new Evidence Technicians.
- Transitioned to a new records management system (CLEAR) which is more efficient than the previous records management system.
- Replaced three police vehicles with Drug Forfeiture Fund proceeds.
- Implemented new gap reduction measures including: Traffic Enforcement Unit, Garbage Day enforcement detail, Garbage Day Permit Fee and Storage Fee for Prisoner Property.

Objectives

Public Safety:

- Research the implementation of a pawn transaction database.
- Train two new Police Service Aides.
- Focus efforts on core service responsibilities of law enforcement through patrol and criminal investigations.

Performance Measures

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
Total Arrests	1,060	975	1,000	25	2.6
Employee Training Hours	2,688	1,414	1,500	86	6.1
*Part A Crimes	2,509	2,487	2,650	163	6.6
Total Accidents Investigated	1,385	1,549	1,550	1	0.1
Total Calls for Service	19,453	17,890	18,000	110	0.6
Total Cases Investigated	2,308	2,128	2,250	122	5.7
Traffic Citations Issued	8,489	12,217	9,250	(2,967)	(24.3)

*"Part A" Crimes include: Homicide, Criminal Sexual Conduct, Kidnapping, Robbery, Assaults, Stalking, Arson, Burglaries, Forgery, Larcenies, Motor Vehicle Theft, Embezzlement, Retail Fraud, Drug/Narcotic Violations, Prostitution, Weapons Offenses & Gambling.

Financial Summary

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Requirements:					
Personal Services	\$8,470,114	\$8,575,949	\$7,899,856	\$(676,093)	(7.9)
Supplies	37,812	47,000	47,000	0	0.0
Other Services and Charges	618,376	595,180	704,957	109,777	18.4
Capital Outlay	0	25,000	99,400	74,400	297.6
Total	\$9,126,302	\$9,243,129	\$8,751,213	\$(491,916)	(5.3)
Resources:					
Animal Control and Pound	21,794	21,902	21,911	\$9	0.0
Liquor License Inspections	23,507	22,600	24,350	1,750	7.7
Police Fees and Grants	63,014	59,558	63,600	4,042	6.8
Police & Fire Pension Millage	9,497,267	9,802,479	9,049,617	(752,862)	(7.7)
Vehicle Proposal Millage	0	25,000	99,400	74,400	100.0
General Fund	(479,280)	(688,410)	(507,665)	180,745	(26.3)
Total	\$9,126,302	\$9,243,129	\$8,751,213	\$(491,916)	(5.3)

Key Issues

- The Personal Services account includes the new labor agreement concession savings and one gap reduction measure. Based on the recommendation of the Police Chief, the Deputy Chief position would remain vacant until January 2013. The Records Bureau Clerk position would be held open for FY 2012-13 and the Records Bureau would be restructured for a part-time employee to work the Records window when it is open from 12:30 - 4:30 pm Monday through Friday. This change will improve the current staffing of the Records Bureau and save \$58,000.
- The Other Services and Charges account has increased by \$44,000 due to the expansion of contractual custodial hours to better service this 24 hour operation; \$11,000 to fund the maintenance agreement for the new emergency 9-1-1 phone system; \$40,000 increase in gasoline cost reflected in higher motor pool charges; and \$15,000 in Police and Fire Pension Board investment manager and consultant fees.
- Capital Outlay purchases include \$15,000 for 28 portable and 3 mobile radios to meet the new Federal Communications Commission standards for radio frequencies; \$69,400 for replacement of two patrol vehicles and the equipment change over cost (Proposal "V"); and \$15,000 for roof replacement (Fund Balance Project).

Fire Department

The Fire Department consists of twenty-one licensed paramedics, 18 are Firefighters and 3 are Sergeants. In addition, staff includes 7 positions in fire suppression and 3 employees in the fire prevention/administration. An additional two firefighters are funded through a federal grant that expires in January of 2013. The Department is responsible for:

- Enforcing State laws and City ordinances that relate to fire protection and prevention including inspections of commercial and industrial buildings, and multiple unit dwellings for fire code violations;
- Protecting the lives and property from the ravages of fire by responding to residential, commercial and industrial fires with specialized equipment;
- Responding to hazardous material incidents, confined space rescue and trench rescue; and
- Providing advanced life support emergency medical services.

Organizational Structure and Staff

Personnel Summary	2010-11	2011-12	2012-13
Fire Chief	1	1	1
Fire Marshal	1	1	1
Lieutenants	3	3	3
Sergeants	6	3	3
Firefighters (General Fund)	19	22	22
Total Full-time	30	30	30
Office Assistant II	1	1	1
Total Part-time	1	1	1
Total Employees	31	31	31
Firefighters (Federal SAFER Grant)	2	2	2

Accomplishments

Public Health:

- Placed a new Rescue Ambulance into service.
- Implemented field electrocardiogram (EKG) transmission to transporting hospitals.
- Development of a new Oakway Mutual Aid Box Alarm System (MABAS).

Resource Management

- Promotion of a new Fire Chief, three Lieutenants and two Sergeants, and hiring of new probationary Firefighters.

Objectives

Public Safety:

- Implement new Fire Station alerting system.
- Expand and improve Fire Prevention Week activities.
- Continue with the implementation of the Mutual Aid Box Alarm System (MABAS).

Resource Management:

- Training all officers to Company Officer Level II certification.
- Training of new hires to the expectations of a Madison Heights Firefighter.
- Implement a new system to alert off duty personnel of an emergency callback to the City.

Performance Measures

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
EMS Incident Response	2,482	2,600	2,500	(100)	(3.8)
Structure Fire Reponse	63	84	65	(19)	(22.6)
Hazmat Call Response	129	140	124	(16)	(11.4)
Commerical Bldgs Inspected	210	275	310	35	12.7
<u>Efficiency/Effectiveness</u>					
% Bldg Fire Call Response Times less than 5 minutes	100	99	98	(1)	(1.0)
% EMS Call Response Times less than 5 minutes	94	96	96	0	0.0
% Commerical Bldgs Inspected	22	29	32	3	10.3

Financial Summary

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Requirements:					
Personal Services	\$4,318,744	\$4,474,621	\$3,796,462	\$(678,159)	(15.2)
Supplies	44,577	50,929	49,429	(1,500)	(2.9)
Other Services and Charges	496,451	552,612	600,133	47,521	8.6
Capital Outlay	226,252	365,556	38,911	(326,645)	(89.4)
Total	\$5,086,024	\$5,443,718	\$4,484,935	\$(958,783)	(17.6)
Resources:					
Ambulance & CPR Revenues	\$458,695	\$489,400	\$483,000	\$(6,400)	(1.3)
Police & Fire Pension Millage	5,102,113	5,102,113	5,102,113	0	0.0
Vehicle Proposal Millage	226,252	365,556	38,911	(326,645)	(89.4)
Advanced Life Support Millage	242,738	222,103	197,277	(24,826)	(11.2)
General Fund	(943,774)	(735,454)	(1,336,366)	(600,912)	81.7
Total	\$5,086,024	\$5,443,718	\$4,484,935	\$(958,783)	(17.6)

Key Issues

- The Personal Services account includes the new labor agreement concession savings. In addition, funding is programmed for the recent seven promotions, three new firefighters and six-month supplemental funding for the two Federal Staffing for Fire and Emergency Response (SAFER) grant positions that expire in January 2013. Three positions would be held open in FY 2013 and re-evaluated after the City's effort to extend the SAFER grant is determined.
- The Other Services and Charges account has increased by \$40,000 due to higher gasoline cost reflected in motor pool charges; and \$15,000 in Police and Fire Pension Board investment manager and consultant fees.
- New Capital Outlay in budget includes \$6,400 for new rescue headsets to enhance personnel communication during runs, \$23,000 for replacement of both thermal imaging cameras, \$6,000 to replace power saws and \$3,500 for a new fire station alerting system.

Community Development

The Community Development Department consists of these functions: Building, Planning, Engineering, Economic Development, Code Enforcement, Geographic Mapping, Housing and Block Grants. The Department is responsible for:

- Handling all inspections of new buildings, inspections of commercial buildings for business licenses and inspections for landlord licenses, as well as providing recommendations on matters coming before the Planning Commission and Zoning Board of Appeals;
- Handling all code inspection and enforcement services;
- Providing support to the Planning Commission, Downtown Development and Brownfield Redevelopment Authorities, and working with the development, business and real estate communities to promote economic development; and
- Designing, bidding, inspecting and planning road reconstruction projects.

Organizational Structure and Staff

Personnel Summary	2010-11	2011-12	2012-13
Community Development Director	1	1	1
Deputy Community Development Director	1	1	1
Economic Development Coordinator	1	1	1
Administrative Secretary	1	1	1
GIS/CDD Technician	1	1	1
Inspector	2	2	2
Office Assistant II	1	1	1
Total Full-time	8	8	8
Code Enforcement Officer	1	0	0
Total Part-time	1	0	0
Total Employees	9	8	8

Accomplishments

Public Safety:

- Completed the following projects: Longfellow - Garry to south of Browning; Huntington - Campbell to Mark; Shacket - Huntington to Spoon; Alger - Parker to Gardenia; Groveland - Farnum to north of 11 Mile; Gardenia - John R to Lorenz; Sherry - Donna to Parkdale; Townley - 11 Mile to University; Winthrop - Westmore to Milton (Sectional); Whitcomb - Eastbound lanes - Sectional Repairs; Thirteen Mile Road - Eastbound Lanes - Sectional Repair; and John R - 11 Mile to Gardenia - Sectional Repairs - Southbound Lanes.
- Continued implementation of complimentary special needs and Wright & Filippis wheel chair loaner programs for residents in construction project areas.
- Four blighted structures and two blighted/nonconforming signs demolished.
- Six driveway approaches were removed from the City's road network as part of the City's ongoing driveway reduction/consolidation program.

Public Health:

- Conducted over 14,500 contacts on code enforcement issues, including periodic weekend enforcement.
- Over 3,685 inspections of building, electrical, mechanical, plumbing, sign and concrete permits conducted to ensure safe construction.

Resource Management:

- Business retention, ombudsman and business welcome programs including more than 585 visits to local businesses.
- Continued successful implementation of contractual agreement with outside contractor (Safebuilt) to provide mechanical/plumbing inspections.

Objectives

Public Safety:

- Complete construction of the following planned projects in 2012: "R-2" Residential Roads - Lenox from Baxter to Sprague, Hampden/ Farnum Intersection; University from Lenox to Hampden; Brettonwoods from Gardenia to Farnum; Forest from Hampton to Brettonwoods; Gardenia from Hampden to Dartmouth; Parker from east of Dartmouth to John R; Sectional Concrete repair - various residential streets. Campbell north of 12 Mile (Royal Oak); 14 Mile Overlay from Campbell to Stephenson Hwy. (RCOC); NSP Sectional Concrete Repair - Connie from Couzens to Park Court; John R sectional repairs from 10 Mile to 12 1/2 Mile; 11 Mile Sectional repairs from I-75 to Dequindre; Campbell curb repairs from 12 Mile to 13 Mile; Whitcomb Sectional Concrete repairs; Industrial Sectional Concrete repairs from 14 Mile to east Avis; Commercial and Industrial Sectional Concrete repairs - various locations.
- Complete Annual Sidewalk Repair and Gap Program.

Performance Measures

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
Building Permits Issued	595	590	575	(15)	(2.5)
Ordinance Violations	72	70	60	(10)	(14.3)
Rental Unit Inspections	3,456	3,000	3,200	200	6.7
Site Plans Approved	10	10	11	1	10.0
New Business and Retention Visits	240	250	270	20	8.0
<u>Efficiency/Effectiveness</u>					
% of Code Enforcement Actions Resolved Without Court	99	99	99	0	0.0
% of ZBA Cases Resolved After 1st Hearing	100	100	100	0	0.0

Financial Summary

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Requirements:					
Personal Services	\$774,215	\$812,325	\$794,651	\$(17,674)	(2.2)
Supplies	6,004	4,900	4,900	0	0.0
Other Services and Charges	132,287	114,974	117,341	2,367	2.1
Capital Outlay	28,528	26,000	0	(26,000)	(100.0)
Total	\$941,034	\$958,199	\$916,892	\$(41,307)	(4.3)
Resources:					
Occupational Licenses	\$242,239	\$120,000	\$150,000	\$30,000	25.0
Other Permits	63,335	65,000	65,000	0	0.0
Building Permits	349,884	325,000	325,000	0	0.0
Engineering Fees	14,994	10,000	13,750	3,750	37.5
Planning Fees	9,200	4,000	4,000	0	0.0
GIS Services	1,836	1,000	1,000	0	0.0
Proposal V	28,528	26,000	0	(26,000)	(100.0)
General Fund	231,018	407,199	358,142	(49,057)	(12.0)
Total	\$941,034	\$958,199	\$916,892	\$(41,307)	(4.3)

Key Issues

- The budget includes new labor agreement concession savings and continuation of operations at the current service level.

Streets Division

The Streets Division of the Department of Public Service consists of 13 employees whose time is allocated between the General Fund Divisions for Streets and Solid Waste, as well as the Major Street Fund and Local Street Fund. The Streets Division is responsible for:

- Maintaining the 106 miles of streets;
- Street cleaning, snow and ice removal, tree trimming, street signs, and open drain repair;
- Replacing worn street signs with a high density facing for safer, more visible signs.

Organizational Structure and Staff

Personnel Summary	2010-11	2011-12	2012-13
Deputy Director	1	0	0
Coordinator	1	1	1
Equipment Operator III	2	3	3
Equipment Operator II	4	3	3
Equipment Operator I	3	3	3
Office Assistant II	1	1	0
Administrative Secretary (Major/Local Street Fund)	0	0	1
Total Full-time	12	11	11
Seasonal Laborer (Major Road Funded)	1	1	1
Seasonal Laborer (Local Road Funded)	1	1	1
Total Part-time	2	2	2
Total Employees	14	13	13

Accomplishments

Public Safety:

- Assisted in the 2011 neighborhood and major road repair and reconstruction programs by creating and providing signs, barricades, storage facilities, debris removal, etc.
- Continued snow removal with institution of new “Snow Emergency Ordinance”, and reduction of salt usage with continued use of brine.
- Repainted crosswalks, stopbars, and legends through entire City.
- Continued with Manual on Uniform Traffic Control Devices (MUTCD) grant funded upgrades to all street name signs on local roads and their intersections (50-60% complete) City-wide.
- Continued to reduce costs and improve the efficiency of our winter maintenance program by adding brine to our snow fighting arsenal (entire fleet outfitted with brine tanks).
- Constructed containment barrier for brine production and storage unit.
- Spray patched 11 Mile/John R intersection to increase road longevity.

Objectives

Public Safety:

- Maintain, replace and repaint crosswalks, stop bars, legends and lane markings.
- Continue upgrading signage to meet new MUTCD standards.
- Support 2012 neighborhood and major road repair and reconstruction projects by providing assistance as required.

Performance Measures

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
% of functional sound bridges	100	100	100	0	0.0
Total hours snow removal per lane	30	20	30	10	50.0
Joint Crack Seal (Feet)	200,000	250,000	150,000	(100,000)	(40.0)
Tree and Stump Removal	111	120	100	(20)	(16.7)
<u>Efficiency/Effectiveness</u>					
Cost per resident for routine road maintenance	\$35.45	\$32.69	\$35.00	\$2.31	7.1
Cost per resident for road construction	\$56.62	\$134.60	\$127.94	(\$6.66)	(4.9)

Financial Summary

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Requirements:					
Personal Services	\$276,846	\$188,212	\$175,258	\$(12,954)	(6.9)
Supplies	1,986	3,550	3,550	0	0.0
Other Services and Charges	678,887	708,635	704,796	(3,839)	(0.5)
Capital Outlay	0	0	372,000	372,000	0.0
Total	\$957,719	\$900,397	\$1,255,604	\$355,207	39.5
Resources:					
Weed Mowing	\$23,901	\$73,750	\$55,000	\$(18,750)	(25.4)
Brush Chipping	5,623	6,000	6,000	0	0.0
Proposal V	0	0	372,000	372,000	0.0
General Fund	928,195	820,647	822,604	1,957	0.2
Total	\$957,719	\$900,397	\$1,255,604	\$355,207	39.5

Key Issues

- The budget includes new labor agreement concession savings and continuation of operations at current service levels.
- The Capital Outlay account includes the replacement of a one-ton dump truck (\$60,000), single axle dump truck (Proposal “V” phase I funding of \$162,000) and two tandem dump truck V-box inserts (\$150,000) to enhance snow plowing and salt spreading capabilities.

Solid Waste Division

The Solid Waste Division of the Department of Public Service consists of 12 employees whose time is allocated between the General Fund Divisions for Streets and Solid Waste, as well as the Major Street Fund and Local Street Fund and charges from two supervisory positions. The Division is responsible for:

- Collection of refuse and recycling, brush chipping, street sweeping, leaf pickup, litter disposal, park clean-up and catch basin clean out;
- A newsletter and website inform citizens of refuse and recycling rules and schedules that instruct residents on the City's mandatory recycling program; and
- Educational seminars are also conducted for schools and businesses on recycling and composting.

Organizational Structure and Staff

Personnel Summary	2010-11	2011-12	2012-13
Deputy City Manager	0	1	1
Supervisor	1	1	1
Total Full-time	1	2	2
Total Employees	1	2	2

Accomplishments

Public Health:

- Completed removal of 120 right-of-way dead or diseased trees.
- Successfully brush chipped and cleaned up our residential and major road networks after the Labor Day weekend storm. The effort was a steady three-week process with over 1,500 brush stops.
- Evaluated, ordered and put into service new Elgin Whirlwind street sweeper.

Objectives

Public Health:

- Continue to monitor the health of City trees and remove as necessary.

Public Safety:

- Bi-weekly sweeping of residential areas.
- Monitor solid waste collection and disposal contractor (Rizzo).

Performance Measures

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
Commercial Waste Stops	87	87	87	0	0.0
Compost (Tons)	1,231	1,500	1,600	100	6.7
Refuse (Tons)	9,196	9,255	9,500	245	2.6
Leaf Pickup-Cubic Yards	4,250	5,205	6,000	795	15.3
Paid Brush Chipping (stops)	208	208	220	12	5.8
Residential Recycling Stops	9,460	9,460	9,460	0	0.0
Street Sweeping (Miles)	1,100	1,200	1,200	0	0.0
<u>Efficiency/Effectiveness</u>					
Ave. Cost Per Weekly Stop- Regular Refuse Collection	\$5.90	\$5.90	\$6.08	\$0.18	3.1

Financial Summary

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Requirements:					
Personal Services	\$609,835	\$572,130	\$438,356	\$(133,774)	(23.4)
Supplies	7,962	13,040	15,087	2,047	15.7
Other Services and Charges	1,448,189	1,536,970	1,474,543	(62,427)	(4.1)
Capital Outlay	0	209,000	0	(209,000)	0.0
Total	\$2,065,986	\$2,331,140	\$1,927,986	(403,154)	0.0
Indirect Costs	134,100	150,372	139,436	(10,936)	0.0
Resources:					
Solid Waste Millage	\$2,475,519	\$2,350,470	\$2,091,881	\$(258,589)	(11.0)
General Fund	(275,433)	131,042	(24,459)	(155,501)	(118.7)
Total	\$2,200,086	\$2,481,512	\$2,067,422	\$(414,090)	(16.7)

Key Issues

- The budget includes new labor agreement concession savings as shown in the Personal Services account.
- The reduction in the Other Services and Charges accounts is related to a reduction in the tree trimming and mowing cycles (\$14,000), lower charges from the South Oakland County Rescue Recovery Authority (\$17,000) and a drop in motor pool charges due to a re-evaluation of vehicle values related to insurance costs (\$32,000).

Recreation Division

The Recreation Division of the Department of Public Service consists of a part-time coordinator, 22 seasonal part-time positions and many contracted recreation specialists. The Recreation Division is responsible for:

- Conducting the City's leisure and recreational programs including instructional programs such as dance, tennis, golf, swimming, photography, martial arts, tai chi, painting, skateboarding, water aerobics and team sports such as basketball, softball, and volleyball;
- Processing all registrations, preparation and distribution of flyers, evaluation and selection of programs and instructional personnel, and coordination of volunteer coaches; and
- Hosting the annual "Festival in the Park", City-wide Garage Sale, 5K Run/Walk, City Golf Outing and the February Coffee Concerts.

Organizational Structure and Staff

Personnel Summary	2010-11	2011-12	2012-13
Recreation Coordinator	1	1	1
Basketball Staff	15	15	15
Camp Staff	4	4	4
Lifeguard	1	1	1
Softball/T-Ball Staff	1	1	1
Volleyball Staff	1	1	1
Total Part-time	23	23	23
Total Employees	23	23	23

Accomplishments

Quality of Life:

- The division continues to work with surrounding communities to develop/share in recreation programs. Those partner communities include Royal Oak, Troy, Hazel Park, Oak Park and Clawson.

Objectives

Quality of Life:

- Promote programs for the young adult population (20-40 year old programs).
- The development of an e-newsletter has kept those who have registered (35 for recreation programs and 100+ for coffee concerts) well informed on upcoming programs.
- Develop a Facebook page for the Recreation Department to promote events and post reminders of deadlines. The younger population uses Facebook as a major source of information. The information can easily be shared with the click of a mouse to hundreds of people. The Recreation Department could easily reach more people with less cost and time.
- Combine City-wide Garage Sale with Festival in the Park on the same day.
- Investigate use of comprehensive sponsorship packet to increase revenues for events and programs and reduce staff time spent on solicitation.
- Expand use of Active Net System to provide automated league schedules and to make schedules available online for coaches and participants.

Performance Measures

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
Water Aerobics Attendees	54	30	40	10	33.3
Dance Attendance - Fall	181	131	140	9	6.9
Youth Softball - Summer	81	105	110	5	4.8
Youth Basketball - Winter	80	70	80	10	14.3

Financial Summary

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Requirements:					
Personal Services	\$96,365	\$106,019	\$57,735	\$(48,284)	(45.5)
Supplies	21,315	28,625	27,401	(1,224)	(4.3)
Other Services and Charges	53,229	61,306	65,244	3,938	6.4
Capital Outlay	0	0	0	0	0.0
Total	\$170,909	\$195,950	\$150,380	\$(45,570)	(23.3)
Resources:					
Recreation Fees	\$105,273	\$144,279	\$149,078	\$4,799	3.3
Recreation-Miscellaneous	3,081	3,925	3,550	(375)	0.0
General Fund	62,555	47,746	(2,248)	(49,994)	(104.7)
Total	\$170,909	\$195,950	\$150,380	\$(45,570)	(23.3)

Key Issues

- To realize \$113,000 savings (Recreation \$47,000 and Senior Center \$66,000) in the General Fund, staff have eliminated the vacant full-time Recreation Supervisor position following a June 2011 retirement, opting to reclassify and increase hours for the Part-Time Recreation Coordinator as well as upgrade the Office Assistant II position to an Administrative Secretary, in recognition of the staff reduction and additional duties performed by both.

By virtue of the loss of the full-time position and the Recreation Coordinator having to provide much more general office coverage, there is decreased on-site supervision and monitoring of recreation programs, games, and practices by the Recreation Coordinator who, prior to the staff reduction, was able to conduct, at a minimum, bi-weekly field visits. The part-time Recreation Coordinator is only able to conduct one visit per season. This change also increased demand on the Deputy City Manager to assist with routine recreation issues.

Youth Center Division

The Youth Center Division of the Department of Public Service was closed in December 2009 as a result of the reduction in State Revenue Sharing payments. The Division was responsible for:

- Providing children a place to meet after school hours where they could participate in planned activities and tutoring assistance; and
- Open to middle school students from 3:00 p.m. to 5:30 p.m. during the school year.

Financial Summary

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Requirements:					
Personal Services	\$0	\$0	\$0	\$0	0.0
Supplies	0	0	0	0	0.0
Other Services and Charges	1,513	0	0	0	0.0
Capital Outlay	0	0	0	0	0.0
Total	\$1,513	\$0	\$0	\$0	0.0
Resources:					
General Fund	\$1,513	\$0	\$0	\$0	0.0
Total	\$1,513	\$0	\$0	\$0	0.0

Key Issues

- In light of the financial difficulties created by falling property tax revenues and reductions in State Shared revenues, in 2011 the City used the escrow account to demolish the Little House on Hales and sell the attached trailers, resulting in savings in alarms and utility costs in FY 2011-12 and beyond.

Nature Center Division

The Nature Center Division of the Department of Public Service paid staff were laid off in June of 2010 due to dropping property tax revenues and State shared revenues. Discussions are ongoing regarding Oakland County Parks and Recreation assuming operation in 2012. The Division was responsible for:

- Providing visitors a better appreciation of nature by fostering a safe home for live animals, taxidermy mounts, artwork and special events;
- Maintaining the building and 36 acres of natural preservation for visitors to enjoy as an oasis in the middle of a developed community; and
- Maintaining a 40 hour week, which offered a variety of seasonal displays, programs, walking tours and a small gift store.

Accomplishments

Quality of Life:

- Knowing that the Nature Center was closing and losing staff, the volunteers approached the City to offer their services until Oakland County Parks have made their decision whether to manage the Nature Center long-term. The volunteers open the building 24 hours per week averaging 65 visitors per day versus 100 when there was paid staff. Volunteers are also light cleaning the building, feeding the critters and greeting visitors.

Objectives

Quality of Life:

- If the Oakland County Parks and Recreation Commission decides to assume operation of the Nature Center, the City will certainly help in the transition.

Performance Measures

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
Adult Volunteer Hours	3,014	3,118	3,000	(118)	(3.8)
<u>Efficiency/Effectiveness</u>					
Average Patrons Per Day	57	51	45	(6)	(11.8)

Financial Summary

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Requirements:					
Personal Services	\$0	\$0	\$0	\$0	0.0
Supplies	0	0	0	0	0.0
Other Services and Charges	9,515	10,527	8,175	(2,352)	(22.3)
Capital Outlay	0	0	0	0	0.0
Total	\$9,515	\$10,527	\$8,175	\$(2,352)	(22.3)
Resources:					
Nature Center Sales	\$295	\$0	\$0	\$0	0.0
Nature Center Contributions	0	0	0	0	0.0
General Fund	9,220	10,527	8,175	(2,352)	(22.3)
Total	\$9,515	\$10,527	\$8,175	\$(2,352)	(22.3)

Key Issues

- In light of the financial difficulties created by falling property tax revenues and reductions in State Shared revenues, the City was forced to lay off paid staff at the Nature Center in George Suarez Friendship Woods on June 30, 2010. Discussions are ongoing with the Oakland County Parks and Recreation Office regarding their interest in assuming operations of the Nature Center on a long-term basis.

Parks Division

The Parks Division of the Department of Public Service consists of the allocation of a portion of a full-time Public Works Supervisor, two full-time Equipment Operators, and two part-time Park Rangers. The Division is responsible for:

- Maintaining all City parks including all landscaping duties;
- Preparing the athletic fields, as well as sidewalk and parking lot maintenance for all City buildings; and
- Mowing, responding to tree service calls, removal of unsafe or dead trees, coordination of the tree planting program, and overseeing of the mowing contractor.

Organizational Structure and Staff

Personnel Summary	2010-11	2011-12	2012-13
Parks Maintenance III	1	0	0
Parks Maintenance II	1	1	1
Parks Maintenance I	2	1	1
Total Full-time	4	2	2
Park Rangers	2	2	2
Seasonal Laborers	1	0	0
Total Part-time	3	2	2
Total Employees	7	4	4

Accomplishments

Quality of Life:

- Continued West Nile Virus prevention measures.
- Planted trees at various parks to replace trees removed due to Emerald Ash Borer.
- Continued to keep our park system and Right-of-Way's aesthetically pleasing while mowing on a bi-weekly schedule.
- Successfully assisted in the set-up and teardown of the following events: City-wide Garage Sale, 5K Run/Walk, Memorial Day Parade, Festival in the Park and Holiday Tree Lighting.

Objectives

Quality of Life:

- Complete tree trimming at Department of Public Service dog run and street trees (low limbs).
- Continue West Nile Virus prevention measures, as funding allows.
- Continue planting trees at various parks to replace trees removed from Emerald Ash Borer.
- As funding allows, add or replace enhancements at various parks (benches, bar-b-q's, etc.).
- Continue to assist with ballfield/soccer maintenance through various seasons.

Performance Measures

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
Ballfield Maintenance (hrs)	500	475	450	(25)	(5.3)
Flowers-Flats Planted	40	36	34	(2)	(5.6)
Meeting Room Set-ups	4	4	4	0	0.0
Tons of Salt Used	100	90	100	10	11.1
Trees Planted	58	19	25	6	31.6
Turf Maintenance (hrs per wk)	300	300	300	0	0.0
<u>Efficiency/Effectiveness</u>					
Number of Park Acres Maintained Per Employee	35	48	48	0	0.0
Number of Trees Trimmed Per Employee	30	40	40	0	0.0

Financial Summary

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Requirements:					
Personal Services	\$229,231	\$211,935	\$203,755	\$(8,180)	(3.9)
Supplies	14,463	31,950	31,450	(500)	(1.6)
Other Services and Charges	95,275	96,038	108,976	12,938	13.5
Capital Outlay	21,702	11,000	163,000	152,000	0.0
Total	\$360,671	\$350,923	\$507,181	\$156,258	44.5
Resources:					
General Fund	\$338,969	\$339,923	\$507,181	\$167,258	49.2
Vehicle Millage	21,702	11,000	0	\$(11,000)	100.0
Total	\$360,671	\$350,923	\$507,181	\$167,258	47.7

Key Issues

- The budget includes the new labor agreement concessions savings and continuation of operations at current service levels.
- The Capital Outlay Budget includes Rosie's Park - Hales Park parking lot overlay (\$75,000) and multiple parks sectional path replacement and repair (\$45,000), the Proposal "V-2" replacement of a small pickup (\$15,000) and a 3/4 ton pickup with plow (\$28,000).

Senior Citizens Division

The Senior Citizens Division of the Department of Public Service is staffed with one full-time Senior Coordinator, as well as part-time staff consisting of two Bus Drivers, three Chauffeur Drivers and one Office Assistant. The Division is responsible for:

- Hosting a wide range of programs at the Center where seniors can enjoy their leisure time participating in educational and recreational programs; and
- Providing transportation for recreation, personal business appointments and other activities as well as a daily lunch program, a home chore (grass cutting and snow removal) program, and human services information and referrals.

Organizational Structure and Staff

Personnel Summary	2010-11	2011-12	2012-13
Supervisor	1	1	0
Coordinator	1	1	1
Total Full-time	2	2	1
Bus Driver/Chauffeur	5	5	5
Senior Assistant	1	1	1
Total Part-time	6	6	6
Total Employees	8	8	7

Accomplishments

Quality of Life:

- Generated \$16,000 through fundraising events throughout the year that have paid for new equipment and programs including the purchase of an outdoor electronic message board.
- Rented the Senior Center 13 times, generating \$3,000 to partially offset building costs.
- Provided over 400 seniors and low-income clients electronic filing of income tax returns through American Association for Retired Persons (AARP) volunteers.
- Assisted 65 senior households by providing aid with home repairs through the Senior Home Assistance Repair Program (SHARP).
- Provided 45 seniors with free legal aid through monthly appointments with University of Detroit Mercy Law School.
- Started programming for the “boomers” who are now retired and wanted to take part in fresh and innovative activities that appeal to their age group, such as a healthy cooking class.
- Expanded community partnership by engaging The Nichols Bunch (special needs workers) to provide additional building maintenance services to the Center and more interaction with participants.
- Partnered with CarePRO to offer weekly blood pressure testing, blood sugar testing, and health fairs and programs.

Objectives

Quality of Life:

- Move ahead with further development of sustainable revenue streams such as fundraising events, and the creation of a “wish list” for office supplies and other items, to offset revenue loss due to State Budget reductions.
- Build strategic partnerships by addition of more local businesses.
- Provide additional opportunities for social engagement by developing a dramatic reading group by collaborating with local university theater groups.
- Create a “center for courageous aging” by examining different support groups through local hospitals that would assist seniors and their families to cope with the trials of aging.
- Further explore programming for the “boomers” by incorporating classes that appeal to them such as a meditation class and a weekly walking club.
- Research feasibility of changing by-laws to allow people 50 and over to participate in programs and activities at the Center.

Performance Measures

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
# of Two-Way Trips	7,325	8,000	8,200	200	2.5
Bus Miles Traveled	21,346	22,000	22,500	500	2.3
Day Trips	47	55	57	2	3.6
Lawns Mowed	1,379	1,400	1,410	10	0.7
Newsletter Subscriptions	408	425	425	0	0.0
Snow Removal	153	160	168	8	5.0

Financial Summary

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Requirements:					
Personal Services	\$224,114	\$227,018	\$147,453	\$(79,565)	(35.0)
Supplies	65,566	58,769	85,935	27,166	46.2
Other Services and Charges	73,966	75,448	71,748	(3,700)	(4.9)
Capital Outlay	0	0	166,000	166,000	0.0
Total	\$363,646	\$361,235	\$471,136	109,901	0.0
Indirect Costs	127,388	157,844	162,445	4,601	0.0
Resources:					
Senior Non-Program	\$9,299	\$9,430	\$10,248	\$818	8.7
Senior Citizens Activities	83,948	54,190	86,670	\$32,480	59.9
Senior Center Millage	460,519	422,085	343,931	(78,154)	(18.5)
SMART	40,439	73,649	64,720	(8,929)	0.0
General Fund	(103,171)	(40,275)	128,012	168,287	(417.8)
Total	\$491,034	\$519,079	\$633,581	\$114,502	22.1

Key Issues

- To realize \$113,000 savings (Recreation \$47,000 and Senior Center \$66,000) in the General Fund, staff have eliminated the vacant full-time Recreation Supervisor position following a June 2011 retirement, opting to reclassify and increase hours for the Part-Time Recreation Coordinator as well as upgrade the Office Assistant II position to an Administrative Secretary, in recognition of the staff reduction and additional duties performed by both.
- The Capital Outlay account includes funds to install a fire suppression system in the Senior Center (\$146,000) and the replacement of a senior transportation van (\$20,000).

Outside Agencies

Historically, the City had financially supported select Outside Agencies. These included: Madison Heights Little Baseball, Madison Heights Community Family Coalition, Friends of Madison Heights Youth, HAVEN (safe home for abused spouses and children), Oakland County Youth Assistance and Gateway Counseling.

Financial Summary

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Requirements:					
Gateway Counseling	\$8,405	\$0	\$0	\$0	0.0
Oakland County Youth Assistance	6,814	0	0	0	0.0
HAVEN	909	0	0	0	0.0
Friends of Madison Hgts. Youth	0	0	0	0	0.0
MH Community Family Coalition	0	0	0	0	0.0
MH Little Baseball	2,793	0	0	0	0.0
Total	\$18,921	\$0	\$0	\$0	0.0
Resources:					
General Fund	\$18,921	\$0	\$0	\$0	0.0
Total	\$18,921	\$0	\$0	\$0	0.0

Key Issues

- In light of the financial difficulties created by falling property tax and reduction in State Shared revenues, in 2011 the City dropped General Fund support of these agencies. The in-kind contributions by the City, such as use of office space, support for fundraisers, and staff and Council assistance in volunteerism continues.

Insurance, Bonds and Transfers

Financial Summary

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Requirements:					
Personal Services	\$ 0	\$ 0	\$ 0	\$ 0	0.0
Supplies	0	0	0	0	0.0
Other Services and Charges	246,575	439,193	439,193	0	0.0
Capital Outlay	0	0	0	0	0.0
Transfers	0	2,460,612	2,169,000	(291,612)	0.0
Total	\$246,575	\$2,899,805	\$2,608,193	\$(291,612)	(10.1)
Resources:					
Road Proposal Millage	\$2,149,278	\$1,908,067	\$ 0	\$(1,908,067)	(100.0)
Fire Stations Bond Millage	427,841	412,745	0	(412,745)	(100.0)
General Fund	(2,330,544)	578,993	2,608,193	2,029,200	350.5
Total	\$246,575	\$2,899,805	\$2,608,193	\$(291,612)	(10.1)

Key Issues

- For the last 26 years, the City has been a member of the Michigan Municipal Risk Management Authority's (MMRMA) Liability and Casualty Insurance Pool. Given the absence of the need to generate a profit and efforts of members to reduce risk, the Authority provides the City with coverage at reduced rates over the private sector and coverage in some areas that are not available through private insurance. MMRMA buys re-insurance from international firms for higher claims and self-insures for lower ones. The City's solid history and decision to increase the deductible to \$250,000 in conjunction with the Pool's desire to keep rates down have benefited the City. Although insurance rates have not been finalized for the next fiscal year, our Risk Manager is projecting no increase.
- Working with the Financial Auditor, the City is moving to full implementation of Government Accounting Standard Board (GASB) Statement No. 54. As part of the new accounting standard, the City will, for the FY 2012-13 Budget, be reclassifying specific revenue sources that are restricted to expenditures for specific purposes. The revenue generated for the Proposal "R-2" Neighborhood Road Improvement Property Tax Millage and the Fire Stations Bond Property Tax Millage are no longer recorded in the General Fund and then transferred to the Local Street and the Fire Station Bond Funds.

In the FY 2011-12 Budget, the transfers were \$1.9 million for the R-2 Millage and \$393,000 for the Bond Millage, or a total of \$2.3 million.

- Given the severe restrictions resulting from decline in State vehicle gas consumption-related revenue and the State's unwillingness to address this problem, the City has been forced to develop a new strategy to address this funding shortfall. This budget includes a transfer of \$2.4 million from the General Fund fund balance to fund repairs on John R, 11 Mile, Campbell, 13 Mile, Whitcomb and Industrial.

Library

The Library is staffed by three full-time positions, a Library Director, a Librarian and a Library Technician. The operation is also supported by 14 part-time positions including: an Adult Reference Librarian, a Community Service Librarian, a Youth Service Assistant, a Circulation Assistant, 6 Library Assistants and 4 Substitute Librarians. The Department is responsible for:

- Meeting the community's needs for information in a variety of formats, including educational, recreational and cultural materials;
- Providing information enhanced by membership in The Library Network (TLN), which allows for the electronic inter-loan of items from other TLN members;
- Offering home delivery of books to home bound patrons and a myriad of additional services to serve the City's significant and varied immigrant population;
- Public access to the Internet and personal computers for word processing; and
- Supporting the operations of the Heritage Rooms.

Organizational Structure and Staff

Personnel Summary	2010-11	2011-12	2012-13
Library Director	1	1	1
Librarian	1	1	1
Library Technician	1	1	1
Total Full-time	3	3	3
Adult Reference Librarian	1	1	1
Community Service Librarian	1	1	1
Youth Service Assistant	1	1	1
Circulation Assistant	1	1	1
Library Assistants	6	6	6
Substitute Librarians	4	4	4
Total Part-time	14	14	14
Total Employees	17	17	17

Accomplishments

Quality of Life:

With the passage of Proposal "L" on May 3, 2011, the City was able to:

- Increase library hours from 50 to 56.
- Triple the library's books and materials budget to \$50,000 per year.
- Increase custodial service from three to six days a week.
- Upgrade the web based library filter to one compatible with Internet time management software.
- Install Windows 7 and Office 2010 on all public workstations and upgraded several obsolete or failing workstations.

Objectives

Quality of Life:

- Plan to purchase five computers through a bulk purchase agreement with The Library Network.
- Implement incremental bandwidth increases through Comcast to meet public Internet needs until the long range upgrade to fiber is in place. This bandwidth upgrade is possible as the result of a new telecommunications contract between TLN, AT&T and the library. This contract will allow the faster fiber connection at the current budget pricing for a high capacity (T1) phone line.
- Implement OverDrive Downloadable eBooks.

Performance Measures

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
Building Usage	109,074	110,000	110,500	500	0.5
Interloans to Madison Heights	10,726	11,000	11,500	500	4.5
Materials Circulated	114,789	115,500	116,000	500	0.4
Outreach Visits	16	5	8	3	60.0
Patron Registrations	1,574	1,700	1,800	100	5.9
Public Internet Access Use	32,725	33,000	33,500	500	1.5
Reference Questions	7,736	7,800	7,900	100	1.3
<u>Efficiency/Effectiveness</u>					
Average Number of Check Outs per Week	2,207	2,221	2,230	9	0.4
Average Days to Shelve Returned Items	1	1	1	0	0.0

Financial Summary

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Requirements:					
Personal Services	\$408,959	\$443,864	\$429,246	\$(14,618)	(3.3)
Supplies	2,758	7,395	4,800	(2,595)	(35.1)
Other Services and Charges	95,095	125,629	101,810	(23,819)	(19.0)
Capital Outlay	14,404	48,707	49,707	1,000	2.1
Total	521,216	\$625,595	\$585,563	\$(40,032)	(6.4)
Indirect Costs	-	\$221,326	\$220,633		
Resources:					
State Library Aid	\$53,258	\$11,723	\$11,723	\$0	0.0
County Penal Fines	0	41,589	38,500	(3,089)	(7.4)
Book Fines	18,260	21,500	18,250	(3,250)	(15.1)
Video Revenues	2,030	1,500	2,500	1,000	66.7
Proposal L Millage	0	876,602	798,996	876,602	100.0
General Fund	447,668	(105,993)	(63,773)	42,220	(39.8)
Total	\$521,216	\$846,921	\$806,196	\$913,483	107.9

Key Issues

- On May 3, 2011, the voters of Madison Heights approved Ballot Proposal “L” to establish up to 1 mill of dedicated property tax levy to ensure the continued operation of the Library and to partially restore program reductions made in the past three years.
- The FY 2012-13 Budget includes for the first time \$6,000 for e-book downloads for the skyrocketing e-reader market.
- The Capital Outlay Budget includes funding for Digital Versatile/Video Disc (\$1,500), books (\$40,707) and audio visual items (\$1,500).



OTHER FUNDS

These funds are categorized to distinguish the specific reason for the expenditure of funds. Included in this segment are the following funds:

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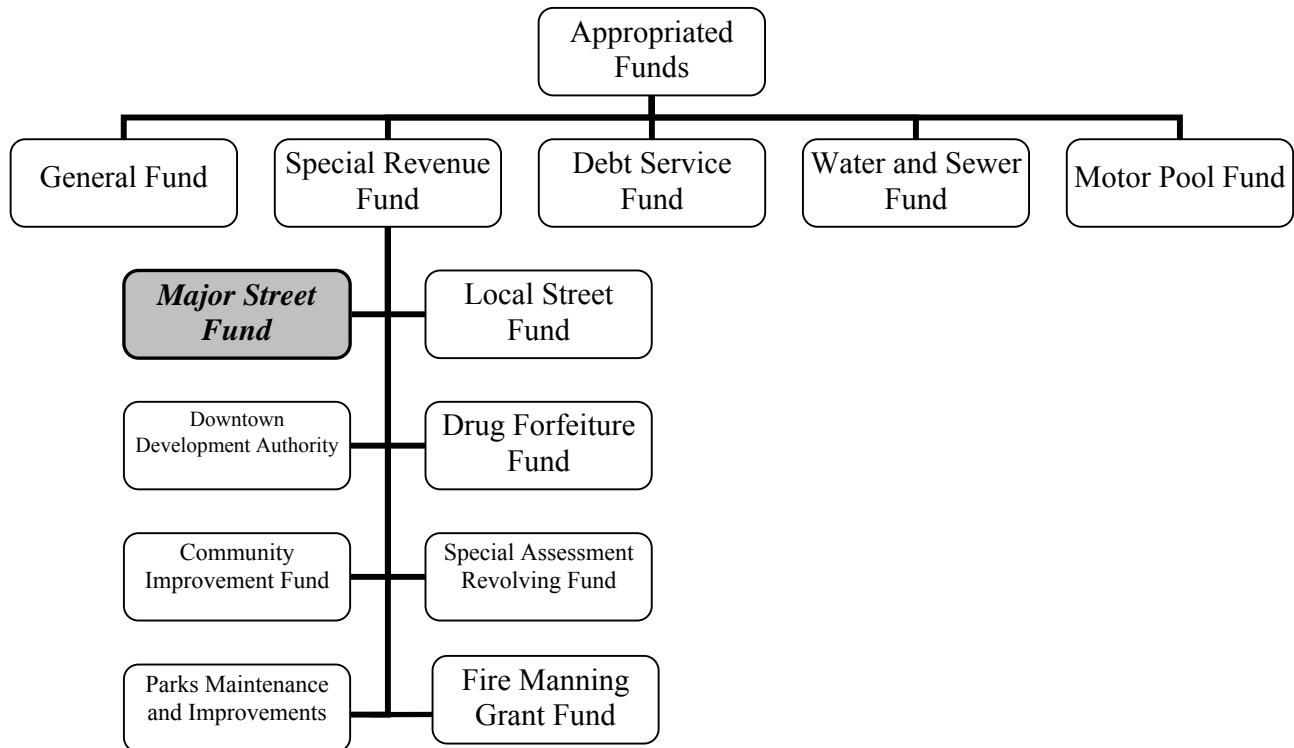
Major Street Fund

Statement of Services

The Major Street Fund maintenance is supported by the Department of Public Service and staffed with an allocation of 1 Coordinator, 9 Equipment Operators, 1 part-time Seasonal Laborer and part of a full-time administrative support position.

The Major Street Fund accounts for expenditures associated with the maintenance needs of the major street portion of the City's street network. This Fund is financed directly from the State gas and weight taxes, interest on investment and maintenance reimbursements from Oakland and Macomb Counties Road Commissions.

Organizational Fund Structure



Financial Summary

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Requirements:					
Construction	\$211,777	\$495,013	\$2,269,000	\$1,773,987	358.4
Maintenance	218,041	205,402	208,914	3,512	1.7
Traffic Services	197,000	191,807	203,618	11,811	6.2
Winter Maintenance	215,011	236,629	220,566	(16,063)	(6.8)
Administration	28,377	35,881	37,187	1,306	3.6
County Roads	150,123	138,865	140,742	1,877	1.4
Transfers	200,000	0	175,000	175,000	0.0
Total	\$1,220,329	\$1,303,597	\$3,255,027	\$1,951,430	149.7
Resources:					
State	\$1,208,019	\$1,107,004	\$1,166,080	\$59,076	5.3
County	140,472	73,473	73,473	0	0.0
Interest	0	1,000	250	(750)	(75.0)
Transfers	0	0	2,069,000	2,069,000	0.0
Fund Balance	(128,162)	122,120	(53,776)	(175,896)	(144.0)
Total	\$1,220,329	\$1,303,597	\$3,255,027	1,951,430	149.7

Fund Balance	\$218,117	\$95,997	\$149,773	\$53,776	56.0
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Key Issues

- The budget for State Shared revenues for gas and weight tax increased slightly from last year, given the State underestimated revenues for FY 2011-12.
- On February 22, 2011, the Oakland County Federal Aid Task Force Funding Committee awarded the City federal assistance to rehabilitate John R with an asphalt overlay from 11 Mile to the Red Run Drain north of 12 Mile for construction in 2015. The grant provided will be 50%, or \$855,000, of the \$1.7 million project. In an effort to accumulate the City's 50% match, the FY 2012-13 Budget will include a \$747,000 transfer from the General Fund.
- In a recent presentation by the Road Commission for Oakland County, they cited their research that the State's gas and vehicle weight taxes have dropped over five percent as a result of more fuel efficient cars and a reduction in consumption due to higher gas prices. Based on this trend and a reduction in federal grants for road construction, the City has developed a plan to transfer a portion of the savings associated with the General Fund expenditure reduction to the Major Street Fund to support badly needed deferred major road repairs. A total of \$2.1 million in General Fund fund balance will be used to repair concrete and curbs on John R from the Red Run Drain to 10 Mile (\$450,000), 11 Mile from I-75 to Dequindre (\$500,000), Campbell Road from 12 Mile to 13 Mile (\$177,000), 13 Mile from Campbell to Dequindre (\$100,000) and Whitcomb from John R to Dequindre (\$100,000).
- In an effort to address the failing commercial and industrial roads, sectional concrete repair projects have been programmed for Whitcomb from John R to Dequindre (\$125,000). An additional \$75,000 is planned for major road joint and crack seal. Finally, a transfer of \$175,000 to Local Street Fund will be made to support repairs on industrial roads classified by the State as local roads.

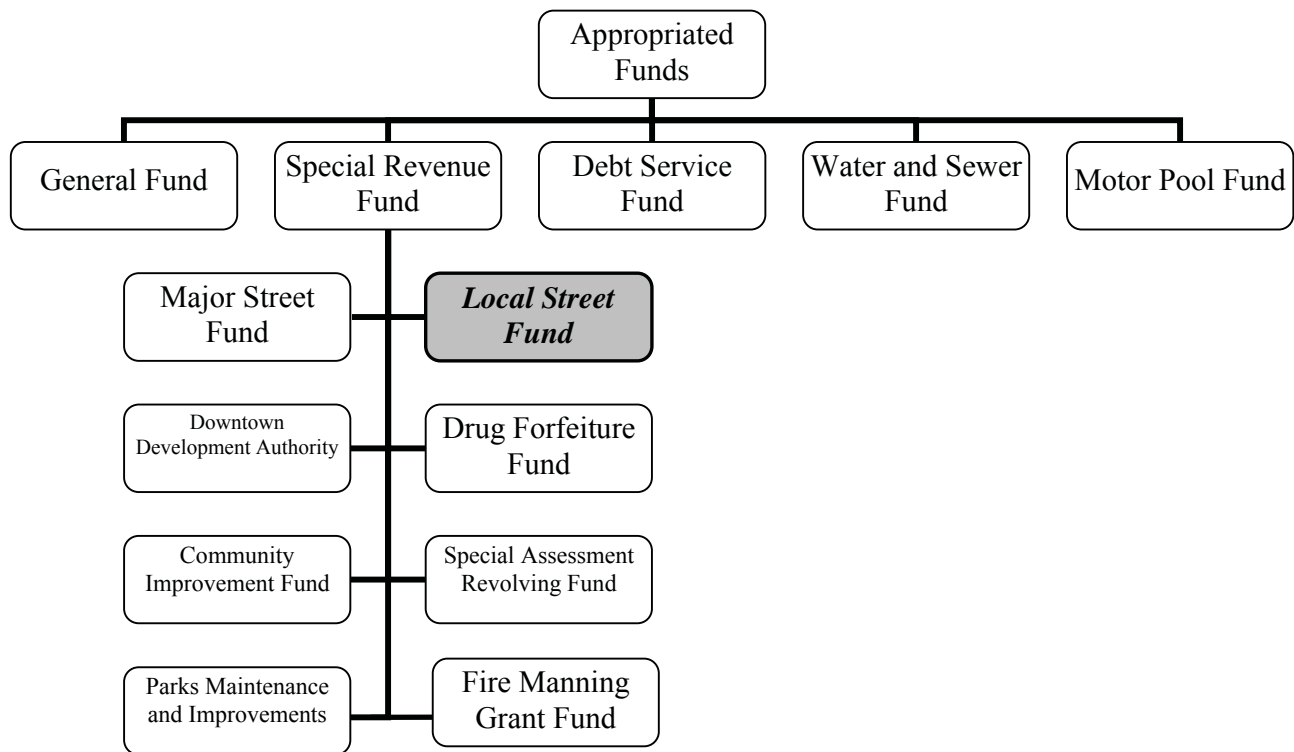
Local Street Fund

Statement of Services

The Local Street Fund maintenance is supported by the Department of Public Service and staffed with an allocation of 1 Coordinator, 9 Equipment Operators, 1 part-time Seasonal Laborer and part of a full-time administrative support position.

The Local Street Fund accounts for expenditures associated with construction and maintenance needs of the local street portion of the City's street network. This Fund is financed directly from the City's share of State gas and weight taxes, transfers from the General Fund and interest income.

Organizational Fund Structure



Financial Summary

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Requirements:					
Construction	\$1,480,535	\$3,996,685	\$2,538,000	\$(1,458,685)	(36.5)
Maintenance	360,870	409,539	367,703	(41,836)	(10.2)
Traffic Services	100,914	116,728	126,303	9,575	8.2
Winter Maintenance	87,828	74,029	84,009	9,980	13.5
Administration	26,890	32,892	35,838	2,946	9.0
Transfers	20,000	20,000	20,000	0	0.0
Total	\$2,077,037	\$4,649,873	\$3,171,853	\$(1,478,021)	(31.8)
Resources:					
Property Taxes	\$1,956,739	\$1,753,204	\$1,534,417	\$(218,787)	(12.5)
State	452,900	417,647	441,561	23,914	5.7
Interest	67,539	60,500	33,218	(27,282)	(45.1)
Transfers	200,000	200,000	344,115	144,115	72.1
Fund Balance	(600,141)	2,218,522	818,541	(1,618,768)	(73.0)
Total	\$2,077,037	\$4,649,873	\$3,171,853	\$(1,478,021)	(31.8)
Local Road Fund Balance	\$159,559	\$204,518	\$65,445	\$(139,073)	(68.0)
Proposal "R" Fund Balance	\$6,086,598	\$3,823,117	\$3,143,649	\$(679,468)	(17.8)

Key Issues

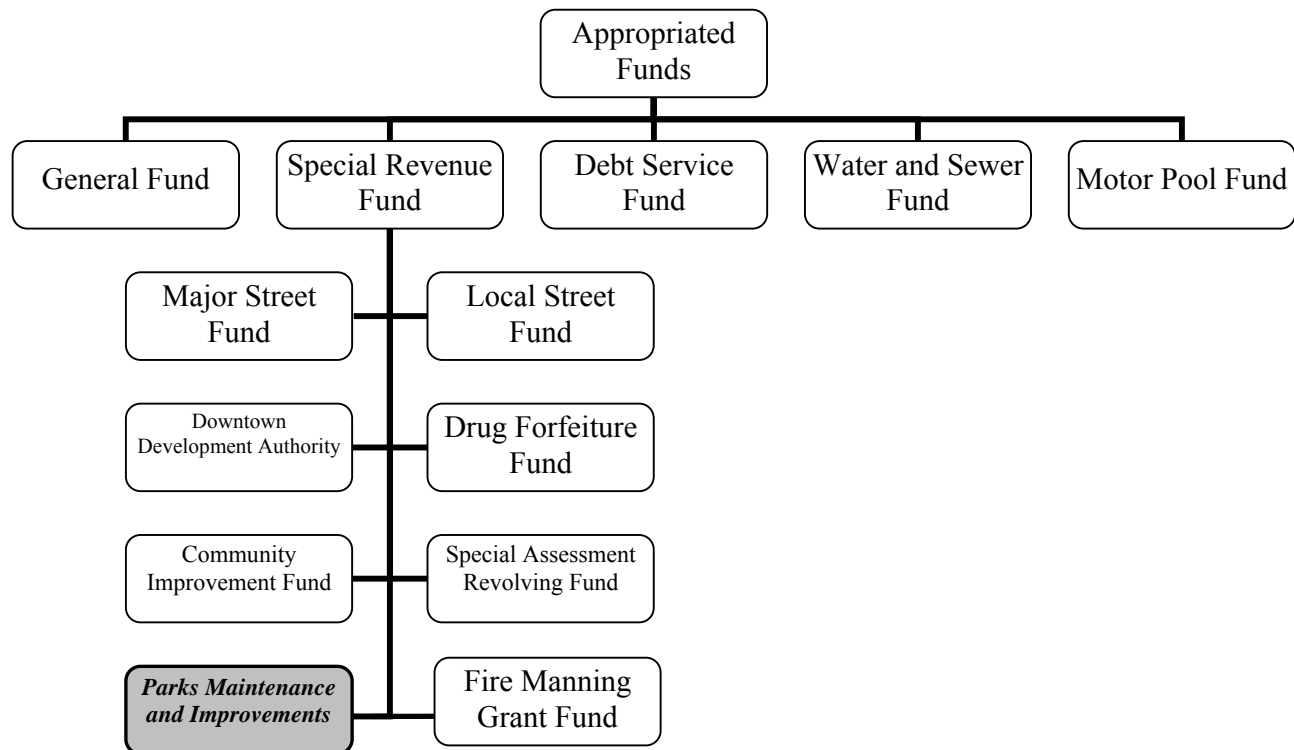
- The Local Street Fund accounts for expenditures associated with the construction and maintenance needs of our local street network and can be divided into the Proposal “R-2” road construction and the non-“R-2” related expenditures. Although the “R-2” portion of the Fund is in sound shape, the remainder of the Fund’s activities have struggled through a continual decline of the State gas and weight tax as a result of decreased gas consumption by Michigan drivers.
- The Proposal “R-2” road construction projects scheduled for this year include Lennox from Baxter to Sprague (\$230,000), Hampden at the intersection of Farnum (\$127,000), University from Lenox to Hampden (\$127,000), Brettonwoods from Gardenia to Farnum (\$578,000), Forest from Hampden to Brettonwoods and the Hampden intersection (\$252,000), Gardenia from Hampden to Dartmouth (\$283,000), and Parker east of sealcoat to John R (\$566,000).
- Also, as called for in the “R-2” plan, the Budget includes \$100,000 in concrete road repair and \$20,000 contribution to the annual sidewalk repair program for key flag squares and ramps.
- In an effort to address the failing commercial and industrial roads, sectional repair projects have been programmed for Whitcomb east of Stephenson (\$25,000), Industrial from 14 Mile to East Avis (\$200,000) and small sections of Research, Tech Row, Kempar and Sherman (\$50,000).

Parks Maintenance and Improvement

Statement of Services

The Parks Maintenance and Improvements Fund was created as a result of a negotiated agreement between the George W. Kuhn (GWK) Drainage District and the Madison Heights City Manager. Under the agreement, the City in November 2007 received a one time payment of \$850,000 in exchange for the commitment to operate and maintain a 10-acre soccer complex for a 25 year period. The “Red Oaks Soccer Complex” includes nine youth soccer fields, a concession/meeting building, picnic pavilion, 245 space parking lot and playground. The \$2.1 million soccer complex was built by the GWK Drainage District with contributions of \$150,000 from the adjoining Lowe’s and \$200,000 from the Oakland County Parks and Recreation Commission. The original payment and investment interest will be used for the Red Oaks Soccer Complex and other Madison Heights park system improvements.

Organizational Fund Structure



Financial Summary

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Requirements:					
Maintenance	\$49,406	\$23,659	\$64,645	\$40,986	173.2
Transfers	0	0	0	0	0.0
Total	\$49,406	\$23,659	\$64,645	\$40,986	173.2
Resources:					
Interest/Miscellaneous	\$11,953	\$14,800	\$16,000	\$1,200	8.1
County Shared Revenues	0	0	0	0	0.0
Fund Balance	37,453	8,859	48,645	39,786	449.1
Total	\$49,406	\$23,659	\$64,645	\$40,986	173.2

Fund Balance	\$689,590	\$680,731	\$632,086	\$(48,645)	(7.1)
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Key Issues

- The Red Oaks Youth Soccer Complex was first opened in the fall of 2008, but closed for drain construction in 2009. The 10 acre site includes nine soccer fields, a concession/restroom/meeting building and attached picnic pavilion. In 2009, new playscape equipment funded by the Oakland County Parks and Recreation Commission was installed. The complex re-opened for the Fall 2010 soccer season.
- On January 5, 2009, the Governor signed Public Act 404 of 2008. This legislation allows the City to invest the one-time George W. Kuhn Drainage District payment of \$850,000 in a long-term portfolio to maximize investment returns generating additional income over the term of the 25-year agreement. The revenue generated from these investments will support the maintenance and improvement of not only the Red Oaks Youth Soccer Complex, but also the City's entire 12 park system.
- On January 24, 2011, the City entered into an agreement with the Oakland County Parks and Recreation Commission (OCP&RC), who will provide grounds maintenance including lawn, sod, fertilization and weed control services, as well as snow and ice control, on the parking lots and sidewalks.
- Given the recent discussions with the OCP&RC, a list of long-term capital improvements and deferred maintenance projects has been identified for Suarez Woods. OCP&RC has indicated as part of any long-term lease of Suarez Woods and the Nature Center, that they would look to the City to fund at least one-half of any capital improvements. The budget includes \$32,500 to fund the removal of excess dead trees near the trail and the forest floor.

Downtown Development Authority

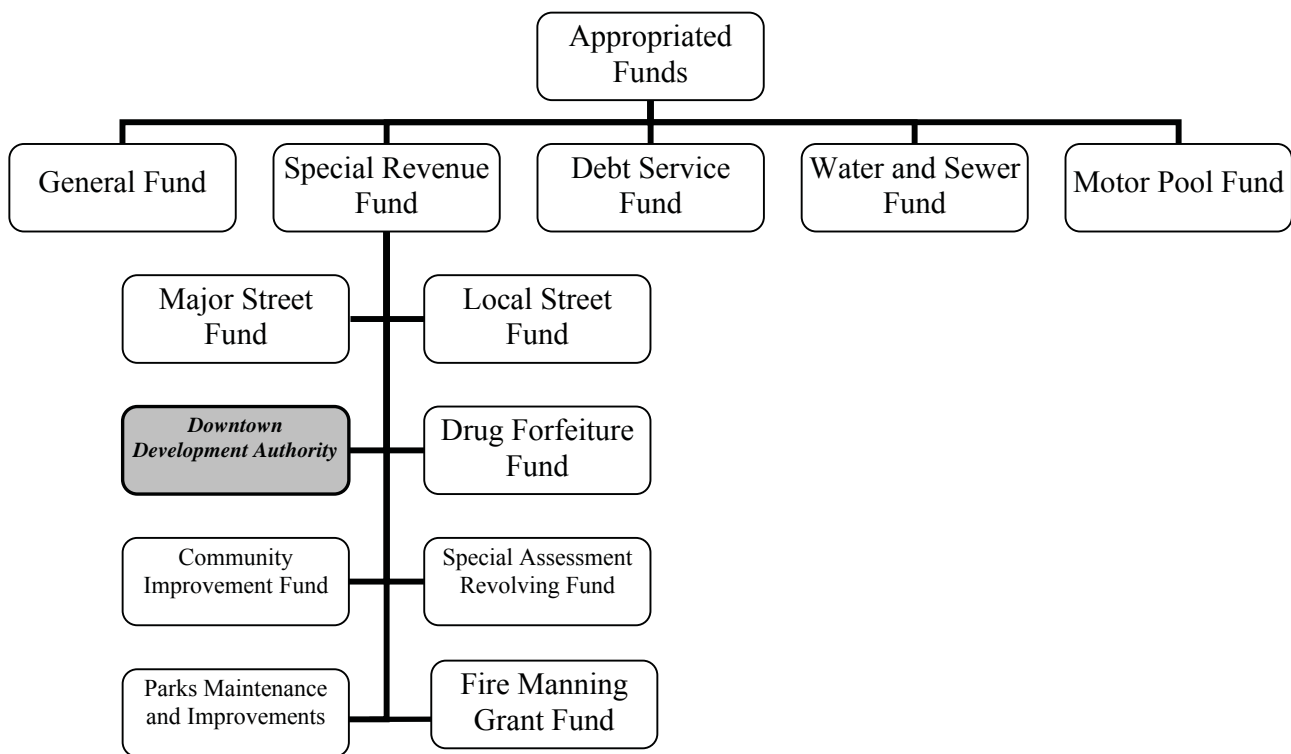
Statement of Services

The Downtown Development Authority (DDA) is supported by the Community Development Department and was established to correct and prevent stagnation and deterioration within the south end commercial business district.

The boundaries of the District include properties abutting John R Road from Gardenia to Ten Mile Road and Eleven Mile Road from I-75 to Lorenz. These properties are primarily zoned and used for commercial and industrial purposes.

This Fund is financed from the capture of incremental property taxes on properties within the District.

Organizational Fund Structure



Accomplishments

Resource Management:

- Business retention, ombudsmen and new business welcome programs included more than 585 visits to local businesses.
- Two DDA business events held in 2011 for DDA business and property owners - Art Challenge and Around the Globe Taste Fest.
- Three businesses received sign grants for new signage in 2011.
- DDA newsletter "Heights Herald" emailed to businesses and property owners quarterly.
- Sectional concrete repair of southbound John R - 11 Mile to Gardenia.

Objectives

Resource Management:

- Continue highly successful Art Challenge and Around the Globe Taste Fest events.
- Subject to funding, continue the ROW maintenance program (lawn care and trash pickup).

Financial Summary

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Requirements:					
Other Services and Charges	\$36,249	\$32,576	\$21,581	(10,995)	(33.8)
Construction	\$21,240	\$0	\$0	0	0.0
Transfers	54,354	93,394	55,558	(37,836)	(40.5)
Total	\$111,843	\$125,970	\$77,139	\$(48,831)	(38.8)
Resources:					
Property Taxes	\$173,334	\$101,300	\$86,169	\$(15,131)	(14.9)
Interest/Miscellaneous	6,651	2,000	0	(2,000)	0.0
Fund Balance	(68,142)	22,670	(9,030)	(31,700)	(139.8)
Total	\$111,843	\$125,970	\$77,139	\$(48,831)	(38.8)
Fund Balance	\$48,453	\$25,783	\$34,813	\$9,030	0.0

Key Issues

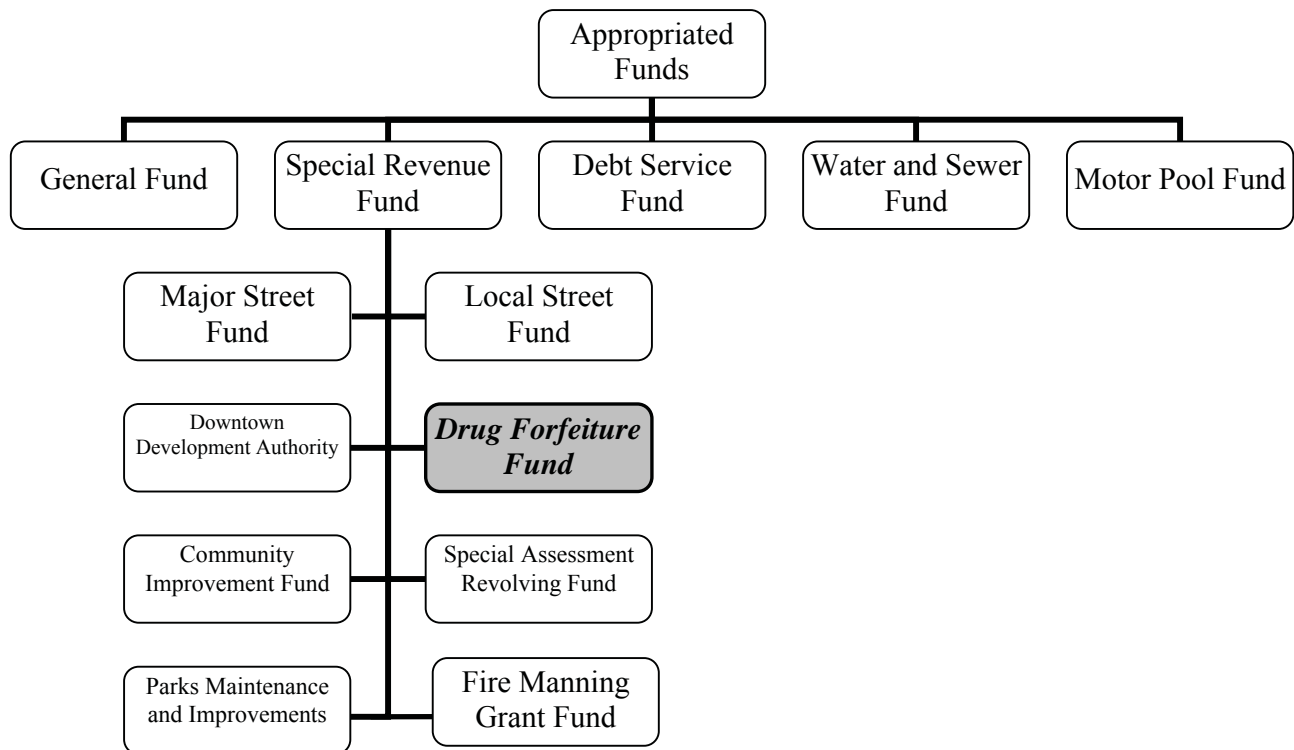
- The FY 2012-13 Budget includes the following major expenditures:
 - \$ 56,000 - DDA funding match of 50% for the Economic Development Program and code enforcement support
 - \$ 6,000 - Facade improvement grant
 - \$ 5,000 - Right-of-way mowing
 - \$ 5,000 - Public right-of-way trash receptacle program
 - \$ 3,000 - Clock tower and trash can maintenance

Drug Forfeiture Fund

Statement of Services

The Drug Forfeiture Fund is used to account for revenues generated by drug forfeitures and expenditures related to the enforcement of drug laws per Public Act 251 of 1982.

Organizational Fund Structure



Financial Summary

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Requirements:					
Supplies	\$1,583	\$0	\$0	0	0.0
Other Charges and Services	7,110	0	4,500	4,500	0.0
Capital Outlay	21,690	103,000	55,400	(47,600)	(46.2)
Total	\$30,383	\$103,000	\$59,900	\$(43,100)	(41.8)
Resources:					
Drug Forfeiture	\$52,102	\$55,500	\$55,500	\$0	0.0
Interest and Misc. Income	15,000	1,000	0	\$(1,000)	0.0
Fund Balance	(36,719)	46,500	4,400	\$(42,100)	(90.5)
Total	\$30,383	\$103,000	\$59,900	\$(43,100)	(41.8)
Fund Balance	\$163,512	\$117,012	\$112,612	\$(4,400)	(3.8)

Key Issues

- The Capital Outlay Budget includes funding for the replacement of two police patrol vehicles (\$55,400).

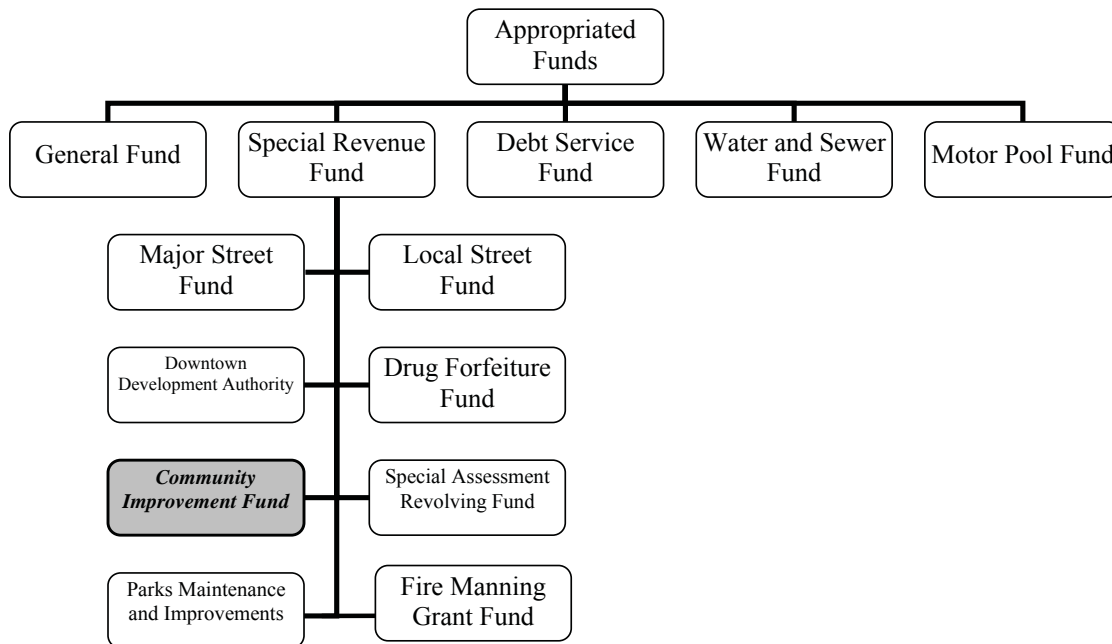
Community Improvement Fund

Statement of Services

The Community Improvement Program is a federally funded Division of the Community Development Department that administers the City's Housing and Urban Development (HUD) Community Development Block Grant (CDBG), Housing Commission and the Neighborhood Stabilization Program (NSP) Funds. The Community Improvement Division includes one full-time Community Housing and Grants Supervisor, one full-time Housing Program Assistant and one full-time Code Enforcement Officer.

Block Grant funds have been used for the yard services program (lawn mowing and snow removal), code enforcement, minor home repair, barrier free improvements and other similar projects that benefit low and moderate-income residents. These funds also provide assistance to low-income families in securing low-interest and/or deferred home improvement loans. The Housing Commission uses federal grant funds to subsidize the rent for over 260 low-income tenants.

Organizational Fund Structure



Accomplishments

Quality of Life:

- Achieved a utilization rate for Federal Housing Section 8 Rental Assistance Program of 99%.
- Maintained a spending ratio of less than 1.5% of the Community Development Block Grant (CDBG) allocations, as requested by Oakland County Community and Home Improvement.
- Finalized utilization of \$1.4 million in Neighborhood Stabilization Program (NSP) funds to demolish 11 blighted vacant single-family structures, rehabilitated five and constructed three new single-family homes for low and moderate families, demolished a blighted school building, purchased land and constructed a neighborhood park in the NSP target area.

Objectives

Quality of Life:

- Maintain adequate Section 8 Management Assessment Program score.
- Maintain 95% or higher utilization rate for Federal Housing Section 8.
- Maintain a spending ratio of less than 1.5% of the CDBG allocations.
- Monitor final NSP implementation compliance, including utilization of program income to repair Connie from Couzens to Park Court.

Performance Measures

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
Home Chore Assignments	1,699	1,850	1,900	50	2.7
Home Rehabilitations	12	10	11	1	10.0
Minor Home Repair	3	4	4	0	0.0
Self Sufficiency Contracts	6	6	6	0	0.0
Units Under Contract	265	275	275	0	0.0

Financial Summary

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Requirements:					
Personal Services	\$244,850	\$268,101	\$263,607	\$(4,494)	(1.7)
Supplies	441	0	500	500	0.0
Other Services and Charges	1,615,613	1,669,012	1,693,315	24,303	1.5
Capital Outlay	0	28,021	0	(28,021)	100.0
Transfers	40,982	36,684	25,184	(11,500)	(31.3)
Total	\$1,901,886	\$2,001,818	\$1,982,606	\$(19,212)	(1.0)
Resources:					
Federal Assistance	\$1,810,472	\$1,841,765	\$1,262,916	\$(578,849)	(31.4)
Community Develop. Grant	134,930	134,021	111,859	(22,162)	(16.5)
Interest & Miscellaneous Rev.	15,497	6,000	18,000	12,000	200.0
Fund Balance	(59,013)	20,032	589,831	569,799	2,844.4
Total	\$1,901,886	\$2,001,818	\$1,982,606	\$(19,212)	(1.0)
Fund Balance	\$966,038	\$946,006	\$356,175	\$(589,831)	(62.3)

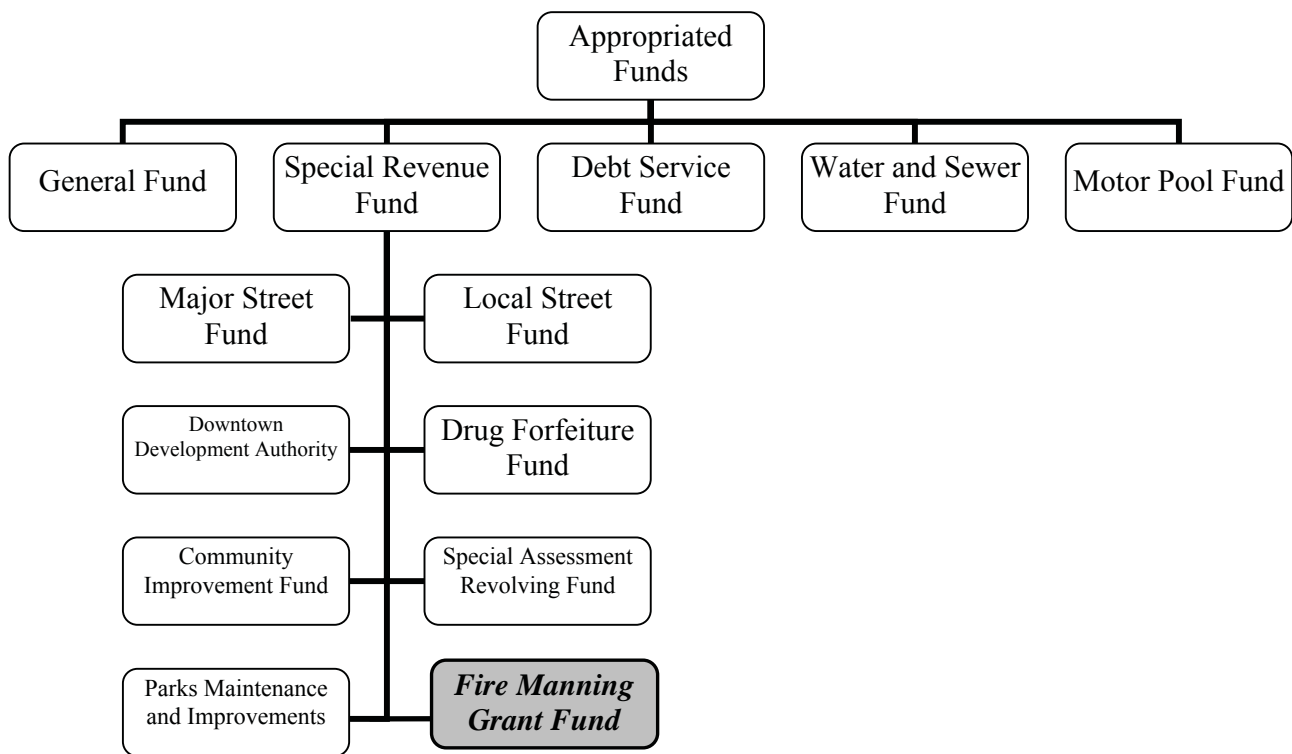
Key Issues

- The CDBG operation includes the following major expenditures: funding for one Code Enforcement Officer and 10% of the Community Improvement Supervisor (the remaining 90% funded through the Housing Fund); a Home Chore Program, including mowing and snow shoveling for seniors; and minor home repair for emergency repairs for qualifying households.
- The Housing Assistance Program supports: funding for one Housing Assistant and 90% of the Community Improvement Supervisor; and funding at the 273 family level (regular 224 and disability 49). The Federal government is programmed to provide \$61.14 per unit per month to offset the City's local administration costs.
- In March of 2009, the City received funding for the Neighborhood Stabilization Program through a Federal grant to provide assistance for acquisition, redevelopment and/or demolition of foreclosed and abandoned properties in an effort to stabilize neighborhoods with declining housing values. Under this program, the City received \$1.4 million to spend toward: the purchase and demolition of vacant and foreclosed homes; the purchase, renovation and sale of vacant and foreclosed homes; and in a special cooperative effort with the Madison Public Schools that resulted in the demolition of the old blighted Monroe School Building, the purchase of one acre for a City park and the installation of park improvements at that location. In March of 2010 and 2011, the City Council approved the donation of property to Habitat for Humanity of Oakland County to use additional NSP funding to construct six new homes on properties obtained through this program. Program income will be used to repair Connie from Couzens to Park Court.

Fire Manning Grant Fund

Statement of Services

The Fire Manning Grant Fund was created to account for the United States Department of Homeland Security Federal Emergency Management Agency's Staffing for Fire and Emergency Response (SAFER) Grant awarded to the City on December 31, 2010. The grant provided the funding to bring back two fire fighters that were laid off on June 30, 2010 due to the General Fund's financial constraints. The Fire Manning Grant Fund will account for the reimbursement of the majority of expenses (excluded overtime and uniform allowance) associated with the two firefighter positions for a two-year period starting January 17, 2011.



Financial Summary

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Requirements:					
Personal Services	\$98,028	\$231,932	\$119,506	\$(112,426)	0.0
Supplies	0	0	0	0	0.0
Other Services and Charges	0	0	0	0	0.0
Capital Outlay	0	0	0	0	0.0
Total	\$98,028	\$231,932	\$119,506	\$(112,426)	0.0
Resources:					
Federal	\$98,028	\$231,932	\$119,506	\$(112,426)	0.0
General Fund	0	0	0	0	0.0
Total	\$98,028	\$231,932	\$119,506	\$(112,426)	0.0

Key Issues

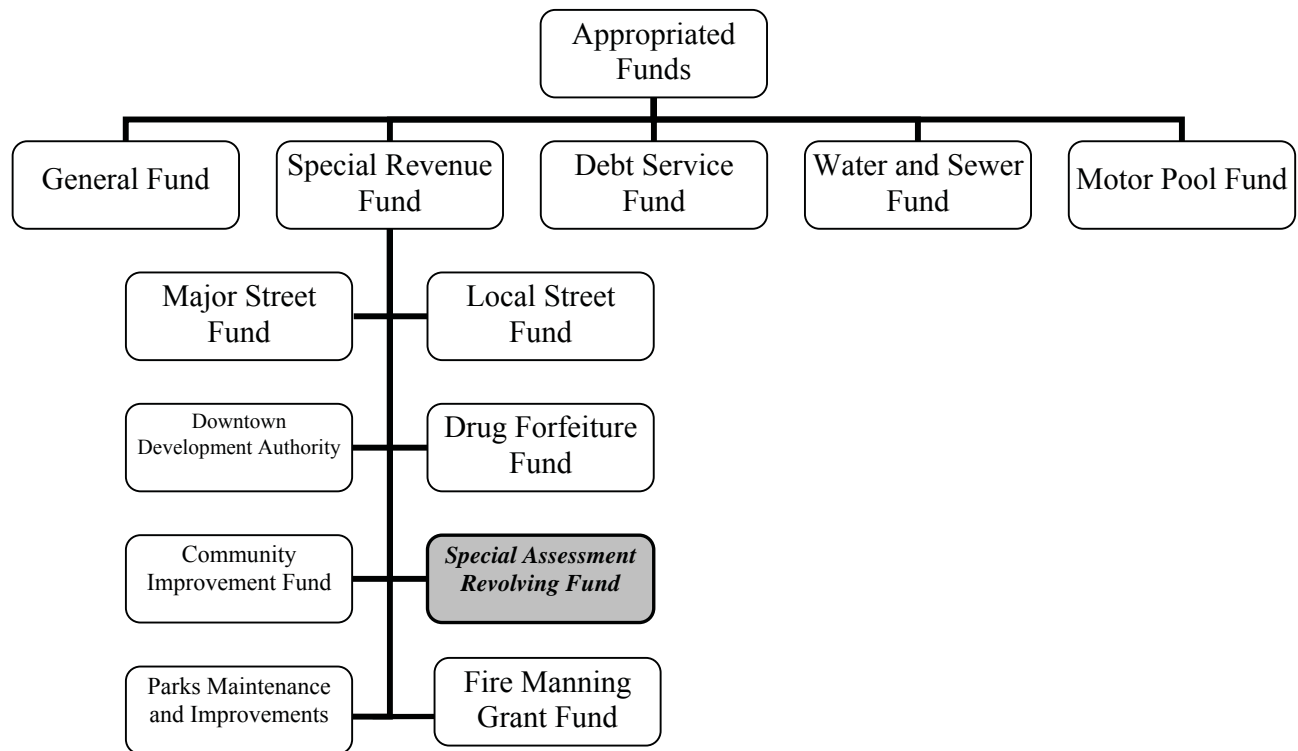
- The grant will provide majority funding for two firefighter positions through January 16, 2013.

Special Assessment Revolving Fund

Statement of Services

The Special Assessment Revolving Fund related projects are supported by the Community Development Department, with the fund used to account for the payment of construction of sidewalks, roads and other City projects. Revenues are realized from property owners' special assessment payments and interest income.

Organizational Fund Structure



Financial Summary

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Requirements:					
Other Services and Charges	\$2,654	\$2,698	\$2,880	\$182	6.7
Capital Outlay	410,099	420,000	420,000	0	0.0
Transfers	298,229	0	94,115	94,115	100.0
Total	\$710,982	\$422,698	\$516,995	\$94,297	22.3
Resources:					
Interest and Misc. Income	\$14,466	\$10,000	\$5,000	\$(5,000)	(50.0)
Special Assessment Revenue	549,684	330,093	325,700	(4,393)	(1.3)
Transfers	20,000	20,000	20,000	0	0.0
Fund Balance	126,832	62,605	166,295	103,690	165.6
Total	\$710,982	\$422,698	\$516,995	\$94,297	22.3
Fund Balance	\$781,278	\$718,673	\$552,378	\$(166,295)	(23.1)

Key Issues

- A total of \$420,000 has been budgeted to support year ten of the Sidewalk Repair and Gap Program. The year ten repair program includes an area bounded by 13 Mile, I-75, Whitcomb and Dequindre.

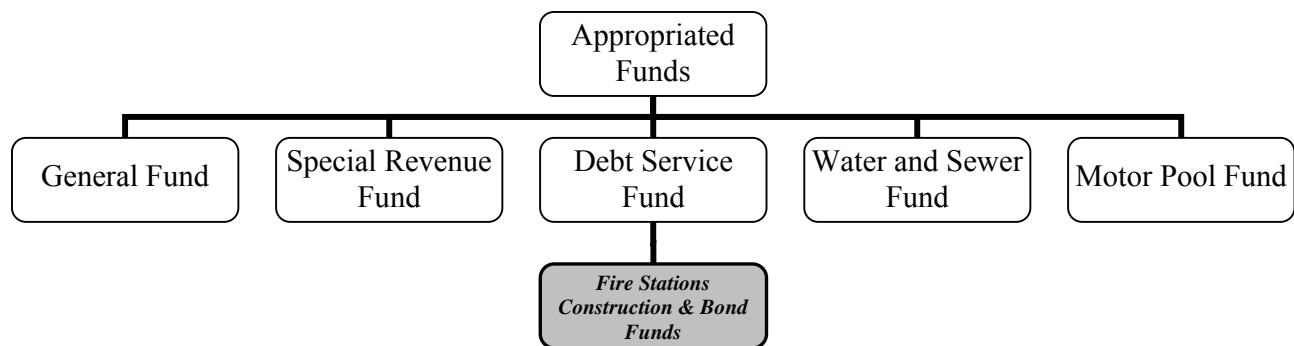
Under the program, the City inspects the sidewalks and identifies those squares in need of replacement. After the assessment district is established, a contractor is hired and work is completed. The property owners have up to three years to reimburse the City through an annual special assessment billing for the cost of the sidewalk replacement.

Fire Stations Construction and Bond Funds

Statement of Services

The Fire Stations Bond Fund accounts for principal and interest payments on General Obligation Bonds issued in May 2003, to construct the new Fire Station Headquarters, demolish and redevelopment of the old building site and make renovations to Fire Station #2. Revenues are generated by an ad valorem property tax. The City also maintains a Fire Station Construction Fund to account for all expenditures associated with this project and related equipment purchases. Once the existing fund balance is exhausted, this fund will be eliminated.

Organizational Fund Structure



Financial Summary

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Requirements:					
Other Services and Charges	\$1,673	\$30,646	\$1,000	\$(29,646)	(96.7)
Debt Service	413,307	415,687	422,758	7,071	1.7
Capital Outlay	0	0	0	0	100.0
Transfers	0	0	0	0	0.0
Total	\$414,980	\$446,333	\$423,758	\$(22,575)	(5.1)
Resources:					
Property Taxes	\$383,593	\$393,595	\$422,758	\$29,163	7.4
Interest	0	0	0	0	0.0
Fund Balance	31,387	52,738	1,000	(51,738)	(98.1)
Total	\$414,980	\$446,333	\$423,758	\$(22,575)	(5.1)
Fund Balance	\$61,155	\$8,417	\$7,417	\$(1,000)	(11.9)

Key Issues

- On August 6, 2002, Madison Heights' voters approved a proposal for the City to borrow \$5,926,000 and issue General Obligation Unlimited Tax Bonds, payable over the next 20 years for the cost of acquiring, constructing, furnishing and equipping a new fire station and related training tower, construction of a draft pit, demolition of the old Fire Station Headquarters, redevelopment of the Thirteen Mile frontage and rehabilitation of Station #2. Separate Construction and Debt Service Funds have been set up to record the actual project costs and the servicing of the bonds. The new Headquarters Fire Station opened in June 2004. The demolition of the old Fire Station and redevelopment of the Thirteen Mile Road frontage was completed in the fall of 2004.
- The Bond Fund is scheduled to make two payments totaling \$422,000 for principal and interest.

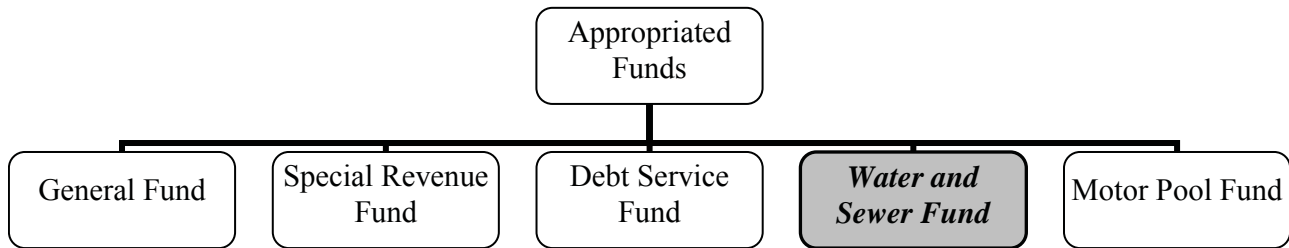
Water and Sewer Division

Statement of Services

The Water and Sewer Division of the Department of Public Service consists of one Water/Sewer Coordinator, four Sewer Maintenance Workers, one Water Meter Repair Worker and three Equipment Operators. The Division is responsible for:

- Providing water distribution and sewage collection to the City's citizens and businesses. This process begins with the purchase of water from the Detroit Water and Sewerage Department and ends with the City paying the George W. Kuhn Drain District for the treatment of sewage that enters its facilities; and
- Handling all installation, repair and reading of all water meters; all repair work on water and sewer mains; gatewells; maintenance and catch basin structures; all cleaning of sewer mains, catch basins, gatewells and culverts; repair work including pavement and landscape repairs arising from watermain breaks and/or sewer trench settlement; maintenance of municipal sprinklers; and reporting storm water management under Federal permits.

Organizational Fund Structure



Accomplishments

Public Health:

- Replaced 928 feet of watermain for the crossover project on newly repaired roads.
- Cleaned sanitary sewers in District #2 between 11 Mile and 12 Mile west of John R and the dead ends east of John R.
- Cleaned the catch basins in District #3 between 12 Mile and 13 Mile.
- Repaired or replaced 105 curb boxes that were damaged.
- Completed Automated Meter Reading (AMR) transmitter installations.
- Completed all nine AMR antenna installations throughout the City.
- Continuing cross assignment of employees outside of the Water and Sewer Division.
- Reduced water loss by shutting water off at vacant homes.
- Repaired and/or assisted on over 63 watermain breaks and completed all related landscape repairs.
- Larvicided over 3,000 catch basins to help fight West Nile Virus.

Objectives

Public Health:

- Complete cleaning sanitary sewers in District #2 between 11 Mile to 12 Mile east of John R and start cleaning District #3 between 12 Mile and 13 Mile.
- Clean catch basins in District #1 between 10 Mile and 11 Mile and the industrial subdivision.
- Continue to cross train employees on all job-related issues.
- Continue annual water line cross-connection inspection and enforcement program.
- Larvicide all City owned catch basins (3,000).
- Submit storm water permit related reports to State of Michigan by the deadline.
- Repeat City-wide leak detection study on all watermains to help eliminate water loss.

Performance Measures

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
Avg Daily Water Flow (Units*)	4,318	4,500	4,600	100	2.2
Curb Boxes Replaced	105	100	60	(40)	(40.0)
Main Break Repairs	63	45	40	(5)	(11.1)
New Watermain Installed (Feet)	928	0	2,630	2,630	0.0
Water and Sewer Accounts	11,176	11,172	11,175	3	0.0
Sewer Backups Resolved	12	12	10	(2)	(16.7)
Register Head Replacements	252	150	100	(50)	0.0
<u>Efficiency/Effectiveness</u>					
Distribution Water Loss	6.2%	7.6%	6.0%	(0.2%)	(2.6)
Combine Cost per unit for water and sewer*	\$6.10	\$6.69	\$7.00	\$0.31	4.6

* One unit equals 748 gallons

Key Issues

- The average quarterly residential water and sewage bill is projected to rise by 6.9%, or \$10.12, per quarter to \$160.30 (based on 2,200 cubic feet of consumption) or \$53.43 per month.

Financial Summary

Requirements	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Water Charges	\$1,790,825	\$1,769,427	\$1,983,795	\$214,368	12.1
Water System Maintenance	670,038	708,424	605,178	(103,246)	(14.6)
Water Tapping & Installation	(363)	9,000	9,000	0	0.0
Water Depreciation	257,242	270,600	257,323	(13,277)	(4.9)
Sewage Disposal Charges	3,430,258	3,534,641	4,122,979	588,338	16.6
Sewer System Maintenance	626,802	560,865	434,373	(126,492)	(22.6)
Sewer Depreciation	361,745	358,473	390,691	32,218	9.0
General Service Building	175,258	263,359	217,435	(45,924)	(17.4)
General Administration	1,293,060	1,263,241	1,146,489	(116,752)	(9.2)
Capital Outlay	53,704	60,000	790,000	730,000	0.0
Debt Service	303,180	1,025,241	1,023,889	(1,352)	(0.1)
Total	\$8,961,749	\$9,823,271	\$10,981,152	\$1,157,881	11.8
Resources:					
Sales: Water	\$4,610,735	\$4,645,599	\$4,862,438	\$216,839	4.7
Sales: Sewer	5,780,258	5,849,237	6,050,164	200,927	3.4
Interest/Miscellaneous	29,261	37,000	39,000	2,000	5.4
Departmental Charges	29,550	27,050	29,550	2,500	9.2
Transfers	0	0	0	0	0.0
Retained Earnings	(1,488,055)	(735,615)	0	735,615	(100.0)
Total	\$8,961,749	\$9,823,271	\$10,981,152	\$1,157,881	11.8

Unrestricted Retained Earnings	\$3,868,937	\$4,604,552	\$4,604,552	\$0	0.0
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* The Water and Sewer's retained earnings is not representative of cash in this business-type fund and includes accounts receivable, depreciation and inventory. At June 30, 2011, the cash balance was \$2.3 million.

Key Issues

- Most of the computers used by the City have Microsoft 2000 and 2003 installed as their operating system. In order to maintain effective electronic communication with other organizations, the Budget includes \$30,000 (\$22,500 General Fund and \$7,500 Water & Sewer Fund) financed through the Fund Balance Project to upgrade Microsoft Office and Adobe Acrobat software.
- Budget includes: \$474,000 programmed to replace water mains on Hampden from 11 Mile to Andover and Palmer from north dead end to 11 Mile; \$230,000 for roof repairs and replacement; \$86,000 to recondition a sewer vactor; and replacement of two pickup trucks.

Debt Summary

The City in the past has issued bonds to provide for the acquisition and construction of some major capital facilities. General Obligation Bonds are direct obligations and pledge the full faith and credit of the City. Revenue Bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

- I. Fire Stations' General Obligation Unlimited Tax Bonds in the amount of \$5,926,000 was issued on May 1, 2003, payable over 20 years, for the cost of acquiring, constructing, furnishing and equipping a new fire station and related training tower, park and site improvements, construction of an underground storm water retention structure and draft pit, demolition of the old Fire Station Headquarters, redevelopment of the Thirteen Mile frontage and rehabilitation of Station #2. As of July 1, 2012, \$4,050,000 remains in principal payments.
- II. George W. Kuhn Drain Bonds and State Revolving Loan Debt was issued between October 2000 and September 2008. The total debt to be issued is estimated to be \$125,794,822 with Madison Heights' share being \$13,517,677. The bond and interest payments are being paid from the Water and Sewer Fund, with \$8,979,189 principal remaining as of July 1, 2012.
- III. Fixed Network Water Meter Reading System General Obligation Bonds in the amount of \$1,525,000 was issued on August 23, 2010. This bond is payable over 15 years for the purpose of paying cost of improvements to the City's water supply system and related sites, equipment, structures, attachments and appurtenances. As of July 1, 2012, \$1,380,000 principal is remaining.

FY 2012-13 Budget

General Obligations			
	Principal	Interest	Total
Fire Stations Bond	\$275,000	\$146,798	\$421,798

Water & Sewer Obligations			
	Principal	Interest	Total
George Kuhn Drain	\$656,890	\$245,190	\$902,080
Fixed Network Water Meter System	75,000	47,913	122,913
Water & Sewer Total	\$731,890	\$293,103	\$1,024,993

Total Debt Service	\$1,006,890	\$439,901	\$1,446,791
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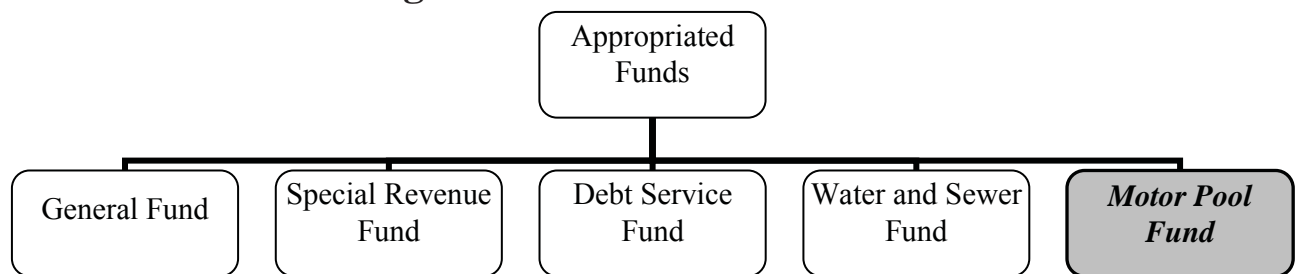
Motor Pool Division

Statement of Services

The Motor Pool Division of the Department of Public Service consists of one Motor Pool Supervisor and two Mechanics. All are State Certified Master Mechanics. The Division is responsible for:

- Maintaining all City vehicles and related equipment, including keeping records on each vehicle and piece of equipment to help determine whether the cost of repair is justified;
- Inspecting for safety problems, protecting the employees and the general public, as well as keeping adequate vehicle and equipment parts in stock and updated; and
- Ordering gasoline and diesel fuel, and overseeing the work done on all emergency backup generators.

Organizational Fund Structure



Accomplishments

Resource Management:

- Completed fitting front line of snow fighting equipment with pre-wetting tanks including five tandem axle dump trucks and two single axle dump trucks equipped to utilize brine solution, and one single axle dump truck equipped to spread sand and beet juice for special situations.
- The Building Maintenance van and Fire Inspector van have been replaced with vehicles that both match their current requirements and provide better fuel efficiency.

Objectives

Resource Management:

- Continue vehicle replacement under the planned "V-2" millage with greater emphasis on fuel economy and, if funding is available, a Hybrid vehicle.
- As the City is not able to replace some of our older equipment, implement an outsource refurbishment program.
- To right-size the fleet, to better match vehicles with our changing needs and to sell under-utilized equipment to generate revenue to partially offset the operations costs.

Performance Measures

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
Fleet Size	249	247	245	(2)	(0.8)
Total gallons gasoline purchased	55,174	56,017	56,000	(17)	(0.0)
Total gallons diesel purchased	30,938	32,458	32,000	(458)	(1.4)
<u>Efficiency/Effectiveness</u>					
Avg. cost - gallon of gasoline	\$2.47	\$2.93	\$3.07	\$0.14	4.8
Avg. cost - gallon of diesel	\$2.52	\$3.11	\$3.15	\$0.04	1.3
Avg. Maintenance expenditures per light/medium vehicle	\$518.68	\$570.84	\$600.00	\$29.16	5.1
Work Orders	1,093	800	797	(3)	(0.4)

Financial Summary

	Actual 2010-11	Estimate 2011-12	Budget 2012-13	Increase (Decrease) FY 2011-12 to FY 2012-13	Percent Change
Requirements:					
Personal Services	\$338,962	\$367,617	\$316,803	\$(50,814)	(13.8)
Supplies	215,525	248,524	290,250	41,726	16.8
Other Services and Charges	351,313	432,193	432,242	49	0.0
Capital Outlay	0	0	0	0	0.0
Total	\$905,800	\$1,048,334	\$1,039,295	\$(9,039)	(0.9)
Resources:					
Transfers-General Fund	\$799,640	\$942,540	\$938,129	\$(4,411)	(0.5)
Transfers-Water and Sewer	106,160	105,794	101,166	(4,628)	(4.4)
Fund Balance	0	0	0	0	0.0
Total	\$905,800	\$1,048,334	\$1,039,295	\$(9,039)	(0.9)

Fund Balance	\$0	\$0	\$0	\$0	0.0
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Key Issues

- The budget includes the new labor agreement savings and will continue to support operations at the current service level.



FY 2013-17 CAPITAL IMPROVEMENT PLAN

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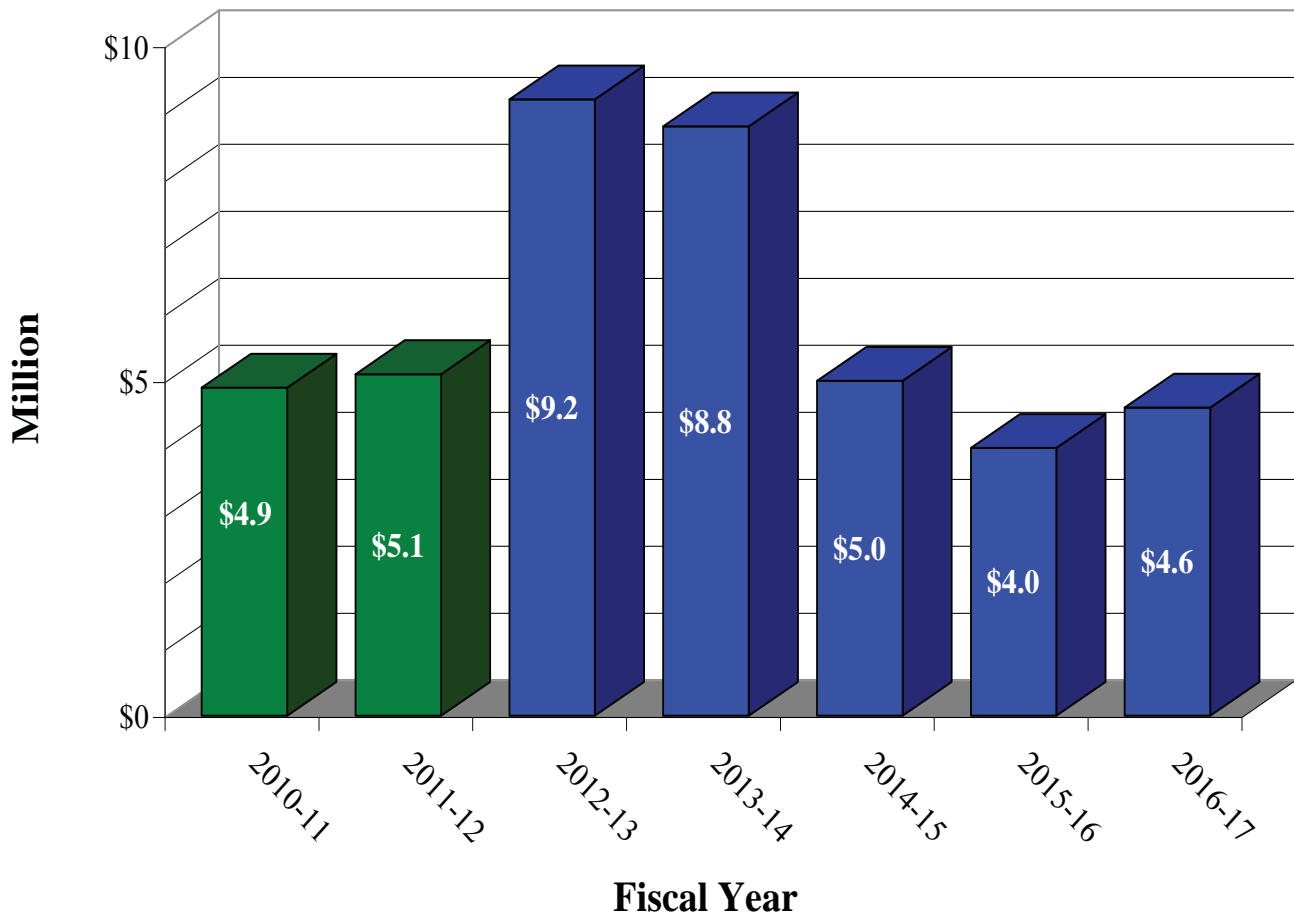
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FIVE YEAR CAPITAL IMPROVEMENT PLAN FY 2013-17

FY 2010-11 ACTUAL AND
FY 2011-12 ESTIMATED



The largest projects programmed during the Capital Improvement Plan include the Proposal “R-2” Neighborhood Road Improvements which range in size from \$2.3 to \$3.1 million over the five year period. The Capital Improvement Plan spike in FY 2012-13 is due to: \$1.5 million scheduled for the Road Commission overlay project on Fourteen Mile; \$1.8 million for the John R overlay project; \$1.7 million in sectional concrete replacement on John R, Eleven Mile, Campbell, Thirteen Mile, Whitcomb and Industrial; and \$2.2 million in neighborhood road reconstruction. The plan also includes \$1.3 million to complete the sidewalk program.

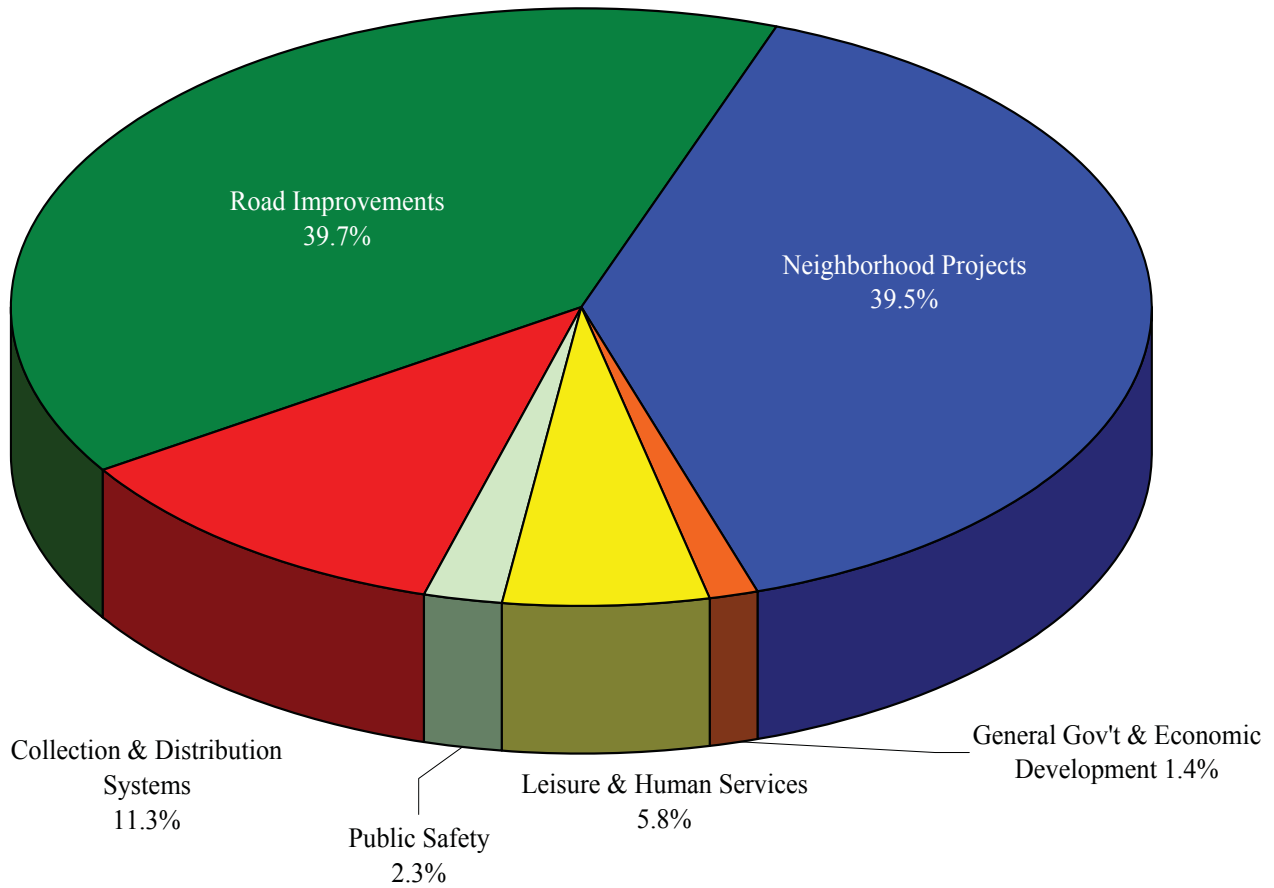
PLAN OVERVIEW

The FY 2013-17 Five Year Capital Improvement Plan totals \$31.6 million. The bar graph presented on the facing page shows the scheduled appropriations by year. The five year program, which is a consolidation of ongoing projects and projects planned over the next five years, represents future capital improvement commitments consistent with past City Council direction. (See Table I - Financial Overview.

The Capital Improvement Plan (CIP) is being generated in response to the financial policies first adopted with the FY 1992-93 Budget. The plan is amended as needed and readopted each year. The proposed capital improvement policies include:

1. The City will develop a multi-year plan for capital improvements, update it annually and make all capital improvements in accordance with the plan.
2. The City's plan will include large capital purchases and construction projects costing more than \$30,000.
3. When financially feasible, the City will maintain its physical assets at a level adequate to protect the City's capital investment and to minimize future maintenance and replacement costs. The budget will provide for the adequate maintenance and the orderly replacement of the capital infrastructure and equipment from current revenues where possible.
4. The City will try to ensure that prime commercial/industrial acreage is provided with the necessary infrastructure to meet the market demand for this property.
5. The City will use the following criteria to evaluate the relative merit of each capital project:
 - a. Projects that implement a component of the approved goal plan will be a priority when establishing funding.
 - b. Projects specifically included in an approved replacement schedule will receive priority consideration.
 - c. Projects that reduce the cost of operations or energy consumption will receive priority consideration.
 - d. Projects that duplicate other public and/or private services will not be considered.
 - e. Priority will be given to those projects that directly support development efforts in areas with a majority of low to moderate-income households.

USE OF FUNDS FY 2013-17



Almost eighty percent of the Capital Improvement Plan is programmed for Road Improvements and Neighborhood Projects.

**TABLE I
FY 2013-17 FIVE YEAR CAPITAL IMPROVEMENT PLAN
FINANCIAL OVERVIEW
USE OF FUNDS
(IN THOUSANDS)**

APPROPRIATIONS:

PROJECT DESCRIPTION	TABLE	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	TOTAL APPROP.
Neighborhood Projects	III	\$ 1,453	\$ 3,098	\$ 2,283	\$ 2,493	\$ 3,053	\$ 2,511	\$ 2,145	\$ 12,485
Road Improvements	V	1,180	1,097	5,762	4,184	745	825	1,023	12,539
Collection & Distribution Sys.	VII	1,571	390	734	1,393	638	459	346	3,570
Public Safety	IX	359	349	161	417	75	60	0	713
General Gov't & Economic Dev.	XI	381	128	86	100	125	20	125	456
Leisure & Human Services	XII	0	0	197	259	331	162	869	1,818
TOTAL		\$ 4,944	\$ 5,062	\$ 9,223	\$ 8,846	\$ 4,967	\$ 4,037	\$ 4,508	\$ 31,581

Summary of Appropriations by Program

In calculating the projected cost of future capital improvement projects and major equipment purchases, assumptions need to be made regarding what inflationary increases should apply to these items. This year's estimates have been adjusted to include assumed inflationary rates of up to 5 percent per year for vehicles and 5 percent for construction projects (unless set by predetermined financial targets).

In estimating the cost of future local improvement projects, construction costs have been increased to reflect an additional 20 percent above actual construction estimates. The 20 percent has been added to these projects to cover construction design, contract administration, construction staking, engineering, as-built drawings preparation, material testing, field inspections, right-of-way acquisition and contingency expenses. These types of expenses vary considerably from project to project but do not normally exceed 20 percent.

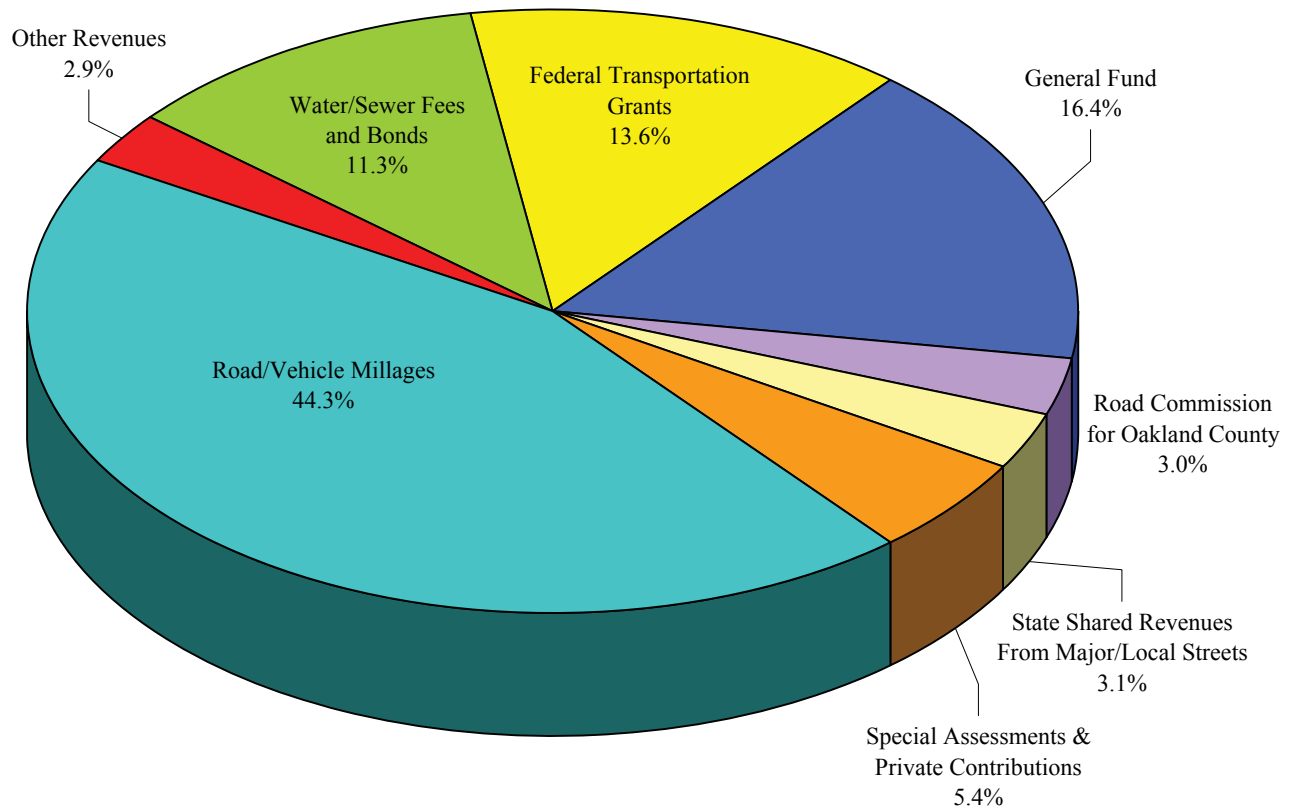
The format for the Capital Improvement Plan has been established to emphasize major functional areas. All capital improvement proposals have been classified into one of six functional areas: Neighborhood Projects, Road Improvements, Collection & Distribution Systems, Public Safety, General Government & Economic Development, and Leisure & Human Services. A separate chapter has been included in this plan for each functional area outlining the justification and funding for each proposal.

The five year planned Capital Improvement Plan expenditures for the six functional areas are expressed as a share of the total planned expenditures below:

<u>Expenditure Program</u>	<u>Percent of Plan</u>
Neighborhood Projects	39.5
Road Improvements	39.7
Collection & Distribution Systems	11.3
Leisure & Human Services	5.8
Public Safety	2.3
General Government & Economic Development	<u>1.4</u>
	100.0

The following pages illustrate the plan and those proposed projects included within it. It is an ambitious program focusing on major infrastructure needs throughout Madison Heights.

SOURCE OF FUNDS FY 2013-17



The Road and Vehicle Millage and Federal Transportation Grants provide over fifty percent of the funding for the Capital Improvement Plan.

**TABLE II
FY 2013-2017 FIVE YEAR CAPITAL IMPROVEMENT PLAN
FINANCIAL OVERVIEW
SOURCE OF FUNDS
(IN THOUSANDS)**

REVENUES:

	TABLE III NEIGHBOR. PROJECTS	TABLE V ROAD IMPROV.	TABLE VII COLLECTION & DIST. SYSTEMS	TABLE IX PUBLIC SAFETY	TABLE XI GENERAL GOV'T & ECON. DEV.	TABLE XII LEISURE & HUMAN SERVICES	TOTAL
General Fund	\$ 0	\$ 3,461	\$ 0	\$ 416	\$ 349	\$ 944	\$ 5,170
State Shared Revenues from Major/Local Streets	0	980	0	0	0	0	980
Special Assessments & Private Contributions	389	1,320	0	0	0	0	1,709
Road/Vehicle Millage	12,096	1,614	0	267	0	0	13,977
Royal Oak/Troy/Hazel Pk./Warren Local Rd. Match	0	0	0	0	0	0	0
Water/Sewer Fees and Bonds	0	0	3,570	0	7	0	3,577
Federal Transportation Grant	0	4,302	0	0	0	0	4,302
Oakland County Parks	0	0	0	0	0	200	200
Drug Forfeiture	0	0	0	0	0	0	0
Downtown Development Authority	0	0	0	0	0	0	0
Fire Bond Issue	0	0	0	0	0	0	0
Other Revenues - Grants	0	862	0	30	100	674	1,666
TOTAL	\$ 12,485	\$ 12,539	\$ 3,570	\$ 713	\$ 456	\$ 1,818	\$31,581

Summary of Revenues by Source

The Capital Improvement Program is financed through a combination of tax and fee supported funds, State and Federal grants, pay-as-you-go projects and long-term borrowing. The program's largest revenue local sources are Road and Vehicle Property Tax Millages, General Fund and Federal Transportation Grants revenues totaling \$23.8 million or 74.3 percent of the plan. The majority of these funds will be needed for scheduled neighborhood road improvement projects and major road work. A breakdown of revenues programmed in the FY 2013-17 Capital Improvement Plan is as follows:

<u>Revenue Source</u>	<u>Percent of Plan</u>
Road and Vehicle Millages	44.3
General Fund	16.4
Federal Transportation Grants	13.6
Water and Sewer Fees and Bonds	11.3
Special Assessment and Private Contributions	5.4
State Shared Revenues from Major/Local Streets	3.1
Road Commission for Oakland County	3.0
State of Michigan Natural Resources Grants	1.2
Park Maintenance & Improvement Fund	0.9
Oakland County Parks	0.6
Other Revenues	<u>0.2</u>
	100.0

Revenue estimates are realistic and assume low growth and full Federal and State participation. Grants and other revenues from Federal, State and County governments now account for 21.5 percent of the Capital Improvement Plan. Major and Local Streets State Shared Revenues serve as the source for the City's contribution to road construction and support road maintenance projects (e.g. John R rehabilitation, Industrial/Commercial road overlays, annual joint/crack sealing and sectional concrete replacement projects). Federal transportation grants are projected to provide over 50 percent of the funding for the John R, Twelve Mile and Fourteen Mile projects.

The Five Year Capital Improvement Program calls for the construction of 123 projects and the purchase of 23 major pieces of equipment.

The FY 2012-13 Capital Improvement Plan totals \$9.2 million (Table I) and calls for the construction of 39 projects and the purchase of two major pieces of equipment.

TABLE III
FY 2013-17 FIVE YEAR CAPITAL IMPROVEMENT PLAN
NEIGHBORHOOD PROJECTS
(IN THOUSANDS)

APPROPRIATIONS:

NEIGHBORHOOD PROJECTS	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	TOTAL APPROP.
Proposal "R-2" Sidewalks	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 100
Proposal "R-2" Concrete Repair	0	0	100	100	100	100	100	500
YEAR 3 ROADS (R-2) 2010								
Brockton - Battelle to Tawas	279	0	0	0	0	0	0	0
Dorchester - Englewood to 31224 Dorchester	156	0	0	0	0	0	0	0
Englewood - Campbell to Edgeworth	409	0	0	0	0	0	0	0
Yorkshire - Westmore to Tanglewood	197	0	0	0	0	0	0	0
Westmore - Winthrop to W. of Yorkshire Inc. 30459 Westmore	242	0	0	0	0	0	0	0
Winthrop Sectional Concrete Repair Phase II	101	0	0	0	0	0	0	0
YEAR 4 ROADS (R-2) 2011								
Gardenia - John R to Lorenz	25	525	0	0	0	0	0	0
Alger - Parker South to Gardenia	0	430	0	0	0	0	0	0
Townley - 11 Mile to University	0	278	0	0	0	0	0	0
Winthrop Sectional Concrete Repair Phase III	0	203	0	0	0	0	0	0
YEAR 5 ROADS (R-2) 2011 (Original 2012)								
Shacket - Huntington to Spoon	8	429	0	0	0	0	0	0
Huntington - Campbell to Mark	0	251	0	0	0	0	0	0
Sherry - Girard to Parkdale	8	340	0	0	0	0	0	0
Longfellow - Garry to 30290 Longfellow	0	262	0	0	0	0	0	0
Groveland and University Intersection - (Watermain to 11 Mile) and 21700 Groveland to Farnum	8	360	0	0	0	0	0	0
YEAR 6 ROADS (R-2) 2012 (Original 2013)								
Lenox - Baxter to Sprague	0	0	230	0	0	0	0	230
Hampden - Farnum Intersection	0	0	127	0	0	0	0	127
University - Lenox to Hampden	0	0	127	0	0	0	0	127
Brettonwoods - Gardenia to Farnum	0	0	578	0	0	0	0	578
Forest - Hampden to Brettonwoods & Hampden Intersection	0	0	252	0	0	0	0	252
Gardenia - Hampden to Dartmouth	0	0	283	0	0	0	0	283
Parker - E of Sealcoat to John R - (Watermain Cross-Over)	0	0	566	0	0	0	0	566
YEAR 7 ROADS (R-2) 2013 (Original 2014)								
Dartmouth - 26333 Dartmouth to 26113 Dartmouth	0	0	0	203	0	0	0	203
Barrington - Cowan to Andover	0	0	0	204	0	0	0	204
W. Barrett - Alger to John R	0	0	0	253	0	0	0	253
E. Hudson - John R to 71 E. Hudson	0	0	0	166	0	0	0	166
Kalama - Stephenson Hwy. to Alger	0	0	0	610	0	0	0	610
Couzens - South of 11 Mile Road (SAD)	0	0	0	694	0	0	0	694
Harwood - Dartmouth to 368 Harwood	0	0	0	243	0	0	0	243
YEAR 8 ROADS (R-2) 2014 (Original 2015)								
Whittier - Longfellow to Chaucer	0	0	0	0	529	0	0	529
Palmer - 13 Mile N. to end	0	0	0	0	366	0	0	366
Chaucer - Whittier to Longfellow	0	0	0	0	410	0	0	410
Barrington - S. of Horace Brown to 13 Mile NB	0	0	0	0	518	0	0	518
Barrington - S. of Horace Brown to 13 Mile SB (SAD)	0	0	0	0	465	0	0	465
Blairmoor - Manchester to Thirteen Mile Road	0	0	0	0	543	0	0	543
Manchester & Woodmont Intersection	0	0	0	0	102	0	0	102
YEAR 9 ROADS (R-2) 2015 (Original 2016)								
Fournier - Sherry to Mark and Mark - Fournier to Sherry	0	0	0	0	0	1,355	0	1,355
E. Harwood - Couzens to Dei	0	0	0	0	0	414	0	414
Lincoln - John R to 104 E. Lincoln	0	0	0	0	0	165	0	165
Lincoln - 504 E. Lincoln to 583 E. Lincoln	0	0	0	0	0	457	0	457
YEAR 10 ROADS (R-2) 2016 (Original 2017)								
Madison - Millard to 31605 Madison - (Watermain Whole Street)	0	0	0	0	0	0	289	289
Areada - N. of 11 Mile Road	0	0	0	0	0	0	275	275
Meadows - Whitcomb to 31608 Meadows - (full Watermain)	0	0	0	0	0	0	416	416
Dorchester - 13 Mile to Windemere	0	0	0	0	0	0	126	126
Windemere - Dorchester to Edgeworth	0	0	0	0	0	0	255	255
Kenwood - Millard to 31601 Kenwood - (Watermain to Englewood)	0	0	0	0	0	0	288	288
Moulin - Dulong to 1353 Moulin - (Watermain to Rose)	0	0	0	0	0	0	376	376
TOTALS	\$ 1,453	\$ 3,098	\$ 2,283	\$ 2,493	\$ 3,053	\$ 2,511	\$ 2,145	\$ 12,485

TABLE III
FY 2013-17 FIVE YEAR CAPITAL IMPROVEMENT PLAN
NEIGHBORHOOD PROJECTS
(IN THOUSANDS)

REVENUES:

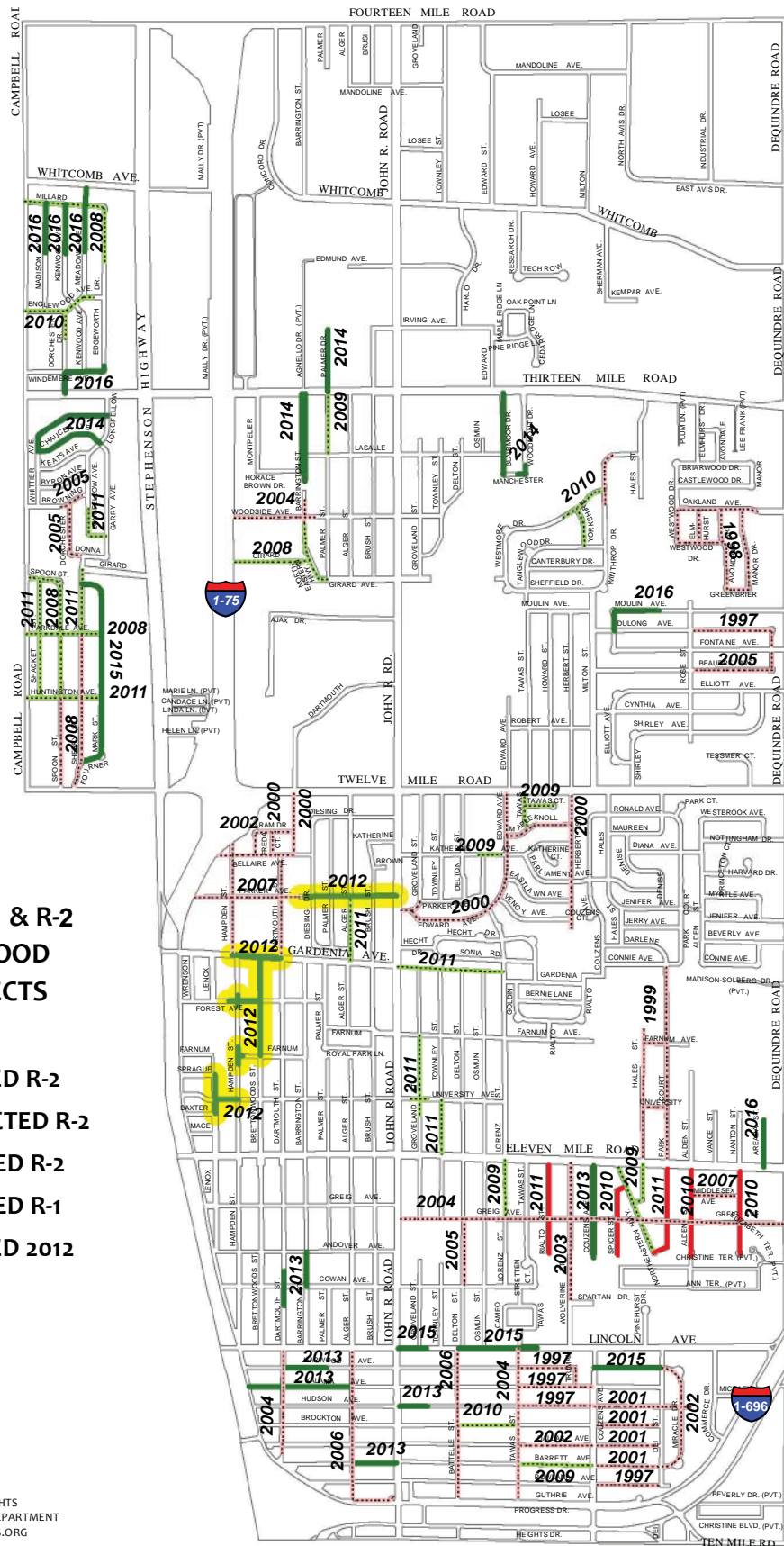
NEIGHBORHOOD PROJECTS	GENERAL FUND	CDBG	SPECIAL ASSESS.	ROAD MILLAGE	WATER & SEWER FUND	OTHER REVENUES	OTHER REVENUES	TOTAL REVENUE
Proposal "R-2" Sidewalks	\$ 0	\$ 0	\$ 0	\$ 100	\$ 0	\$ 0	\$ 0	\$ 100
Proposal "R-2" Concrete Repair	0	0	0	500	0	0	0	500
YEAR 6 ROADS (R-2) 2012								
Lenox - Baxter to Sprague	0	0	0	230	0	0	0	230
Hampden - Farnum Intersection	0	0	0	127	0	0	0	127
University - Lenox to Hampden	0	0	0	127	0	0	0	127
Brettonwoods - Gardenia to Farnum	0	0	0	578	0	0	0	578
Forest - Hampden to Brettonwoods & Hampden Intersection	0	0	0	252	0	0	0	252
Gardenia - Hampden to Dartmouth	0	0	0	283	0	0	0	283
Parker - E of Sealcoat to John R - (WM Cross-Over)	0	0	0	566	0	0	0	566
YEAR 7 ROADS (R-2) 2013								
Dartmouth - 26333 Dartmouth to 26113 Dartmouth	0	0	0	203	0	0	0	203
Barrington - Cowan to Andover	0	0	0	204	0	0	0	204
W. Barrett - Alger to John R	0	0	0	253	0	0	0	253
E. Hudson - John R to 71 E. Hudson	0	0	0	166	0	0	0	166
Kalama - Stephenson Hwy. To Alger	0	0	0	610	0	0	0	610
Couzens - South of 11 Mile Road (SAD)	0	0	156	538	0	0	0	694
Harwood - Dartmouth to 368 Harwood	0	0	0	243	0	0	0	243
YEAR 8 ROADS (R-2) 2014								
Whittier - Longfellow to Chaucer	0	0	0	529	0	0	0	529
Palmer - 13 Mile N. to end	0	0	0	366	0	0	0	366
Chaucer - Whittier to Longfellow	0	0	0	410	0	0	0	410
Barrington - S. of Horace Brown to 13 Mile NB	0	0	0	518	0	0	0	518
Barrington - S. of Horace Brown to 13 Mile SB (SAD)	0	0	233	232	0	0	0	465
Blairmoor - Manchester to Thirteen Mile Road	0	0	0	543	0	0	0	543
Manchester & Woodmont Intersection	0	0	0	102	0	0	0	102
YEAR 9 ROADS (R-2) 2015 (Original 2016)								
Fournier - Sherry to Mark and Mark - Fournier to Sherry	0	0	0	1,355	0	0	0	1,355
E. Harwood - Couzens to Dei	0	0	0	414	0	0	0	414
Lincoln - John R to 104 E. Lincoln	0	0	0	165	0	0	0	165
Lincoln - 504 E. Lincoln to 583 E. Lincoln	0	0	0	457	0	0	0	457
YEAR 10 ROADS (R-2) 2016 (Original 2017)								
Madison - Millard to 31605 Madison - (Watermain Whole Street)	0	0	0	289	0	0	0	289
Areada - N. of 11 Mile Road	0	0	0	275	0	0	0	275
Meadows - Whitcomb to 31608 Meadows - (full Watermain)	0	0	0	416	0	0	0	416
Dorchester - 13 Mile to Windemere	0	0	0	126	0	0	0	126
Windemere - Dorchester to Edgeworth	0	0	0	255	0	0	0	255
Kenwood - Millard to 31601 Kenwood (Watermain to Englewood)	0	0	0	288	0	0	0	288
Moulin - Dulong to 1353 Moulin - (Watermain to Rose)	0	0	0	376	0	0	0	376
Totals	\$ 0	\$ 0	\$ 389	\$ 12,096	\$ 0	\$ 0	\$ 0	\$ 12,485

PROPOSAL R-1 & R-2 NEIGHBORHOOD ROAD PROJECTS

- SCHEDULED R-2
- SAD REJECTED R-2
- COMPLETED R-2
- COMPLETED R-1
- SCHEDULED 2012



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COMMUNITY DEVELOPMENT DEPARTMENT
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NEIGHBORHOOD PROJECTS

The staff annually reviews the current road conditions and updates projections regarding proposed neighborhood roadway improvements. To coordinate this process, the staff has developed a multi-year neighborhood road improvement plan that is primarily funded by the Proposal “R” two-mill property tax levy.

In developing these plans, pavement conditions and other infrastructure components such as storm water drains, watermain lines and sanitary sewers have also been evaluated. The table on the following page outlines each of these neighborhood projects and the scope of work that is planned to be completed for each project. When the City is financially able to replace deteriorating watermain lines at the same time as the neighborhood road improvements, the City avoids future costs to repair broken watermains and road surfaces, and related disruption in water service to residents. Due to the financial condition of the Water and Sewer Fund, in February of 2010 the City Council voted to suspend all watermain replacements with the exception of a few watermains that crossed under road projects at intersections.

Neighborhood Road Millage Programs

- **First Roads Millage Program**

On August 6, 1996, the voters in Madison Heights approved ballot proposals “R-1” and “V-1.” Proposal “R-1” provided the City with a two-mill ten-year property tax levy (rolled back by State imposed millage limits) to support an extensive neighborhood road improvement plan.

The Proposal “R-1” millage generated \$19.6 million in revenue from 1997 to 2006 to support this program. The Neighborhood Road Plan mirrored the information provided to the residents as part of the public information campaign during the summer of 1996 plus the City Council approved amendments.

Funding for the multi-year Neighborhood Road Improvement Program came from different sources including:

1. Neighborhood Road Improvement Millage (\$19.6 million);
2. Water and Sewer Fund Revenues (\$4.0 million) - Generated from system user fees and financed through user rates;
3. Property Owner Special Assessments (\$2.2 million) - In accordance with the City Council Special Assessment District Policy for road improvements as amended;
4. Community Development Block Grant Funds (\$655,000) - Used to support four road projects. In FY 1997-98, Harwood from Tawas to Truman; FY 2001-02, Brockton from Couzens to Dei; FY 2002-03, Miracle from Harwood to Barrett; and FY 2003-04, Greig from Dequindre to Delton; and,
5. Chapter 20 Drain Refund (\$136,000) - Historically, the Oakland County Water Resources Commissioner had retained funds previously assessed to residents of the City of Madison Heights to address future storm water needs. These funds were used in year one of the plan to support the storm drain portions of the road improvements. In addition, retained funds from the completed Henry Graham Drain were used to support payment for the George W. Kuhn Drain construction project.

TABLE IV-A
FY 2013-17 FIVE YEAR CAPITAL IMPROVEMENT PLAN
R-1 NEIGHBORHOOD PROJECTS
(IN THOUSANDS)

STATUS	DATE	NEIGHBORHOOD PROJECTS	STORM DRAIN	SANITARY SEWER	STREET PAVING	WATER MAIN	ESTIMATED COST
		YEAR 1 ROADS	\$ 136	\$ 76	\$ 958	\$ 227 *	\$ 1,397
DONE	1997	Harwood -Tawas to Truman					
DONE	1997	Truman - Harwood to Kalama					
DONE	1997	Kalama -Tawas to Couzens					
DONE	1997	Hudson -Tawas to Couzens					
DONE	1997	Rowland from Couzens to Dei					
DONE	1997	Dulong from Rose east to Fontaine					
		EASTWOOD MANOR	24	0	1,002	72 *	1,098
DONE	1998	Oakland, Greenbrier & Westwood					
DONE	1998	Elmhurst - Oakland to Westwood					
DONE	1998	Avondale & Manor - Oakland to Greenbrier					
		STREETS N OF 11 MILE	52	17	1,275	206 *	1,550
DONE	1999	Park Court - 11 Mile to Connie SAD 255					
DONE	1999	Hales - 11 Mile to Rosies Park SAD 255					
DONE	1999	Farnum & University from Hales to Park Court SAD 255					
		STREETS S OF 12 MILE	935	83 *	1,430	489 *	2,937
DONE	2000	Dartmouth - Bellaire to 12 Mile					
DONE	2000	Herbert - 12 Mile to Venoy					
DONE	2000	Edward - 12 Mile to Parker					
DONE	2000	Mapleknoll - Edward to Herbert					
DONE	2000	Parker - John R to Groveland					
		STREETS S OF 11 MILE	105	0	895	264 *	1,264
DONE	2001	Hudson - Couzens to Miracle					
DONE	2001	Brockton - Couzens to Dei					
DONE	2001	Dallas - Couzens to Dei					
DONE	2001	Barrett - Couzens to Dei					
		YEAR 6	209	0	857	325 *	1,391
DONE	2002	Karam - Dartmouth to Bellaire					
DONE	2002	Freda Ct.- Karam to Bellaire					
DONE	2002	Full length of Miracle Drive					
		Harwood to Barrett					
DONE	2002	Dallas - Tawas to Couzens					
		YEAR 7	172	5 *	523	171 *	871
DONE	2003	Wolverine - Spartan to 11 MILE SAD 263					
		YEAR 8					
DONE	2004	Greig - John R to Dequindre SAD 265 /SAD 266	40	0	1,384	210 *	1,634
DONE	2004	Dartmouth - Lincoln to Dallas	200	12	266	25 *	503
DONE	2004	Tawas - Lincoln to Guthrie	57	12	318	40 *	427
DONE	2004	Woodside - I-75 to Barrington SAD 267	70	0	342	110 *	522
DONE	2004	Barrington - Gravel Park to Woodside	0	0	90	21 *	111
		YEAR 9					
DONE	2005	Dorchester - Donna to Browning SAD 268	0	0	305	253 *	558
DONE	2005	Delton - Greig to Cowan SAD 269	0	0	210	76 *	286
DONE	2005	Beaupre - Rose to Fontaine	0	258 *	234	0	492
DONE	2005	Proposal "R" Maintenance & Repair - Park Court/Hales	0	0	213	0	213
DONE	2005	Withrop Sectional Concrete Repair Phase I	0	0	139	0	139
		YEAR 10					
DONE	2006	Battelle - Lincoln to Guthrie	65	5	557	100 *	727
DONE	2006	Alger - Lincoln to Guthrie	240	5	734	130 *	1,109
DONE	2006	Guthrie (north half) - Alger to Cul De Sac	20	5	131	36 *	192
		YEAR 11					
DONE	2007	Parker District SAD 272	375	15	1,993	495 *	2,878
DONE	2007	Watermain Restoration -Middlesex-Alden to Nanton	0	0	190	87 *	277
		YEAR 12					
DONE	2008	Spoon Sectional	0	0	200	130 *	330
DONE	2008	Sherry Sectional	0	0	323	210 *	533
		YEAR 13					
DONE	2009	Proposal "R" Concrete Repair	0	0	957	0	957
		FUTURE YEARS					
PLANNED	2010-17	Proposal "R-2" Project Supplement	0	0	4,260	0	4,260
		TOTALS	\$ 2,700	\$ 493	\$ 19,786	\$ 3,677 *	\$ 26,656

* \$4,023,000 Funded by the Water Sewer Fund

In allocating funds, the Neighborhood Road Improvement Millage has been dedicated to the street improvement and integrated storm sewer portion of the neighborhood projects. Water and Sewer Fund Revenues are used for the watermain portion of the projects. Special Assessment Funds and Community Development Block Grant Funds were used both for roadway and storm water drain improvements. Finally, Chapter 20 Drain Refund Revenues were used exclusively for the storm water drain improvement portions of the neighborhood projects.

In January 1997, the staff proposed and the City Council adopted a Residential Road Improvement Policy to provide guidelines on how the Neighborhood Road Program would be administered. This Policy specifies the order in which road projects would be undertaken, the percent of Proposal “R-1” contributions that would be made to each project, specifics on how the project would address a special assessment district project, what would happen if a proposed special assessment project should be turned down, and the process to be followed if all the scheduled projects were completed and additional funds became available.

The Policy indicates that approximately one year in advance of the year that the Proposal “R-1” funds are to be made available for a special assessment designated road project, an advisory survey shall be taken by the City of the benefiting property owners as to their willingness to be specially assessed for the private benefit portion of the total cost of a road improvement. The City will conduct this survey through the mail utilizing a postcard return system. Results of this advisory survey shall be presented to Council, and the project only proceeds with the establishment of the special assessment district when the project is supported by a majority of property owners.

On December 15, 2003, the Council adopted as part of the 2004-05 Goal Plan, a proposal to modify the existing Ten Year Residential Road Improvement Program to utilize program savings to expedite critical road reconstruction projects.

Given program savings, the City’s Proposal “R-1” program was able to program additional roadwork as part of the ten year plan. According to the Council Policy, if there are still monies available to fund additional projects, citizens who own property abutting a road could petition Council to have their street added to the Proposal “R-1” listing.

Streets were considered on a first-come first-served basis, based on need, and projects were also considered only to the extent that funds remain to offset construction costs. Per the Policy, no additional projects were undertaken until all scheduled Proposal “R-1” projects were programmed.

As part of the November 2003 and January 2004 SAD Road Policy Amendments, Greig Street from John R to Dequindre, Dartmouth from Lincoln to Dallas, and Tawas from Lincoln to Guthrie were moved up to 2004, completing the originally scheduled Proposal “R-1” projects. In response to citizens’ petitions for road improvements, Woodside from I-75 to Barrington (completed in 2004), Dorchester from Donna to Browning (completed in 2005) and Delton from Greig to Cowan (completed in 2005) were added to the Proposal “R-1” project list.

On February 14, 2005, the SAD Road Policy was amended to extend the Proposal “R-1” Program to include the 2006 reconstruction of Battelle from Lincoln to Guthrie, Alger from Lincoln to Guthrie and Guthrie from Alger to John R (all completed in 2006).

As part of the FY 2006-11 Capital Improvement Plan, staff proposed the City again approach the property owners in the Parker District regarding a 2007 neighborhood improvement project. As discussed with the City Council at the November 19, 2005 Goals Meeting, in the spring of 2006 the staff surveyed the residents regarding their willingness to support a 25 percent special assessment

contribution for a new road improvement project. The “R-1” Proposal Millage was used to fund the 75 percent City match plus all of the storm sewer improvements. The Water and Sewer Fund was used to support the replacement of watermains in this area.

The Parker District project was completed in the fall of 2007. FY 2008-09 projects funded from “R-1” funds included sectional concrete replacement on Spoon from Huntington to Twelve Mile and Sherry from Parkdale to Fournier.

The final “R-1” project completed in FY 2009-10 included the concrete repair (\$945,000) of any “R-1” programmed street exhibiting signs of deterioration.

At the conclusion of the “R-1” program, the remaining funds of \$4.3 million were reprogrammed to supplement the “R-2” program which started in 2008.

- Second Roads Millage Program

On December 12, 2005 as part of the 2006-07 Goal Plan, the City Council adopted a goal to “Evaluate, identify, prioritize and create a new long-range millage-based comprehensive infrastructure replacement plan including roads, sewers and sidewalks to take before voters in 2006.”

On August 8, 2006, the voters in Madison Heights approved, by an overwhelming margin, millage Proposals “R-2” and “V-2.” The “R-2” program will continue to provide funding at an initial annual level of two mills for ten years to carry out the City’s second comprehensive residential street repair and reconstruction program. The road improvement projects will include new concrete streets, approaches, necessary sidewalk repairs and installations, and connections to the storm water drainage system.

The Finance Department has estimated that Proposal “R-2” will generate \$18.9 million in revenue to support the ten year program presented in the Capital Improvement Plan. Due to the economic recession causing declining property values, this program’s funding is down \$8.5 million, 31% from the original April 2006 estimate. To close this funding gap, \$4.3 million savings from the “R-1” will be used to supplement the “R-2” program and \$800,000 in sidewalk and sectional concrete replacements were dropped. The elements of this millage program as outlined to the residents as part of the public information campaign through the City newsletter in June 2006 are still scheduled.

Of the 73.3 miles of local roads in Madison Heights, the original Proposal “R-1” millage funded repair of 11.6 miles or 15.8% of the worst roads in the City. Proposal “R-2” will allow the City to repair over 11.1 miles (65 roads) of additional roadway. In August of 2005, an independent professional transportation planning engineering firm completed a comprehensive analysis of all streets in Madison Heights. This study identified over 20 miles of poor residential roads that needed to be addressed. Even after the Proposal “R-2” program, the City is estimated, at that point in time, to have 9 miles of poorly-rated streets still needing attention.

All road reconstruction work will be totally funded through millage except for the 13 scheduled sealcoat roads, which will require the residents with frontage on these streets to contribute a 25 percent special assessment. The rationale behind this proposal is that those property owners living on an existing concrete road with curb and gutter (i.e. not a sealcoat road) have already paid for their road once in the price of the home or in the form of a prior special assessment district project.

Property owners on a sealcoat road have not paid an assessment in the past, and prior to the “R-1” program, they were responsible for 100 percent of the project cost. Under the original “R-1” program, they were only responsible for 50 percent of the project cost. The City reduced the special assessment by one-half to make the projects more affordable for the average property owner. Under the “R-2” program, residents living on sealcoat roads scheduled for reconstruction will pay no more than 25 percent of the cost of the project. The affected property owners will be surveyed in advance of the project to confirm their support for the proposed special assessment.

FY 2007-08 was a transition point between the two programs. The Parker District and Middlesex were completed under the original Proposal “R-1” program. The “R-2” program, for which the first millage was collected in the summer of 2007, started with the construction in the spring of 2008. The first year project included Spoon from Huntington to Campbell; Parkdale from Campbell to Mark; Millard from Campbell to Edgeworth (south to 31601 Millard); Barrington/Northeastern from Woodside to Palmer; and Girard from the dead end at I-75 to Palmer.

In November of 2009, the staff surveyed the property owners for the scheduled 2010 special assessment related projects on: Alden from 11 Mile south to its end; Spicer from Northeastern south to its end; and Nanton from 11 Mile south to its end. The majority of property owners indicated opposition, resulting in these projects being dropped from the ten year plan.

In November of 2010, the staff surveyed the property owners for the scheduled 2010 special assessment related projects. Park Court and Rialto, from 11 Mile south to the end, did not reach a majority and will be dropped from the program.

Funding for the second million multi-year Neighborhood Road Improvement Program includes:

1. Neighborhood Road Improvement Millage (\$23.1 million);
2. Water and Sewer Fund Revenues (\$1.2 million); and
3. Property Owner Special Assessment (\$1.1 million).

For the 2011 construction season, staff proposed advance constructing the Year 5 (2012) “R-2” roads along with the scheduled Year 4 (2011) “R-2” roads. This opportunity is possible due to available “R-2” fund balance and the availability of engineering/inspection resources due to a lack of major road projects. On January 24, 2011, City Council approved a long-term agreement with the City’s road contractor that locks pricing for the next six years and moves up the scheduled reconstruction projects from 2012 to 2017 by one year.

TABLE IV-B
FY 2013-17 FIVE YEAR CAPITAL IMPROVEMENT PLAN
R-2 NEIGHBORHOOD PROJECTS
(IN THOUSANDS)

YR	NEIGHBORHOOD PROJECTS	STORM DRAIN	SANITARY SEWER	STREET PAVING	WATER MAIN	ESTIMATED COST
YEAR 1 ROADS						
2008	Spoon - Huntington North to Campbell	\$ 55	\$ 15	\$ 712	\$ 177	\$ 959
2008	Parkdale - Campbell to Mark	15	10	353	81	459
2008	Millard - Campbell to Edgeworth South to 31601 Millard	11	0	612	149	772
2008	Barrington/Northeastern - Woodside to Girard	27	5	540	88	660
2008	Girard - I-75 to Palmer	85	0	429	94	608
2008	Sidewalk Replacement	0	0	20	0	20
YEAR 2 ROADS						
2009	Palmer - 13 Mile to LaSalle	42	0	342	83	467
2009	Tawas - 12 Mile Road to Mapleknoll and Tawas Court	95	10	333	98	536
2009	E. Barrett - Tawas to Couzens	40	15	534	99	688
2009	Lorenz - 11 Mile to Greig	0	0	291	77	368
2009	Hales - 11 Mile to Northeastern	25	0	211	58	294
2009	Northeastern - 11 Mile to South End	40	5	451	123	619
2009	Katherine - Lorenz to Edward	30	0	128	0	158
YEAR 3 ROADS						
2010	Brockton - Battelle to Tawas	0	0	279	0	279
2010	Dorchester - Englewood to 31272 Dorchester	19	0	137	0	156
2010	Yorkshire - Westmore to Tanglewood	55	5	137	0	197
2010	Westmore - Winthrop to W. of Yorkshire Inc. 30459 Westmore	0	0	242	0	242
2010	Englewood - Campbell to Edgeworth	5	0	404	0	409
2010	Sidewalk Replacement	0	0	20	0	20
2010	Winthrop Sectional Concrete Repair Phase II	0	0	101	0	101
YEAR 4 ROADS						
2011	Gardenia - John R to Lorenz	2	0	523	25	550
2011	Alger - Parker South to Gardenia	82	16	332	0	430
2011	Townley - 11 Mile to University	0	0	278	0	278
2011	Winthrop Sectional Concrete Repair Phase III	0	0	203	0	203
2011	Sidewalk Replacement	0	0	20	0	20
YEAR 5 ROADS						
2011	Shacket - Huntington to Spoon	60	15	354	8	437
2011	Huntington - Campbell to Mark	5	0	246	0	251
2011	Sherry - Girard to S. of Parkdale	28	5	307	8	348
2011	Longfellow - Garry to 30290 Longfellow	2	0	260	0	262
2011	Groveland and University Intersection - (Watermain to 11 Mile) and 21700 Groveland to Farnum	0	0	360	8	368
2011	Sidewalk Replacement	0	0	20	0	20
YEAR 6 ROADS						
2012	Lenox - Baxter to Sprague	2	0	228	0	230
2012	Hampden - Farnum Intersection	10	5	112	0	127
2012	University - Lenox to Hampden	0	0	127	0	127
2012	Brettonwoods - Gardenia to Farnum	0	0	578	0	578
2012	Forest - Hampden to Brettonwoods & Hampden Intersection	25	0	227	0	252
2012	Gardenia - Hampden to Dartmouth	0	0	283	0	283
2012	Parker - E of Sealcoat to John R - (Watermain Cross-Over)	150	0	416	0	566
2012	Concrete Replacement	0	0	100	0	100
2012	Sidewalk Replacement	0	0	20	0	20

TABLE IV-B
FY 2013-17 FIVE YEAR CAPITAL IMPROVEMENT PLAN
R-2 NEIGHBORHOOD PROJECTS
(IN THOUSANDS)

YR	NEIGHBORHOOD PROJECTS	STORM DRAIN	SANITARY SEWER	STREET PAVING	WATER MAIN	ESTIMATED COST
	YEAR 7 ROADS					
2013	Dartmouth - N. of Cowan (26333) S. to 26113 Dartmouth	0	0	203	0	203
2013	Barrington - Cowan to Andover	0	0	204	0	204
2013	W. Barrett - Alger to John R	0	0	253	0	253
2013	E. Hudson - John R to 71 E. Hudson	0	0	166	0	166
2013	Kalama - Stephenson Highway to Alger	60	17	533	0	610
2013	Couzens - S. of 11 Mile Road	5	0	538	0	543
2013	Harwood - Dartmouth to 368 Harwood - (Watermain to Alger)	0	0	243	0	243
2013	Concrete Replacement	0	0	100	0	100
2013	Sidewalk Replacement	0	0	20	0	20
	YEAR 8 ROADS					
2014	Whittier - Longfellow to Chaucer	45	0	484	0	529
2014	Palmer - 13 Mile N. to end	0	0	366	0	366
2014	Chaucer - Whittier to Longfellow	45	0	365	0	410
2014	Barrington - S. of Horace Brown to 13 Mile NB	0	0	518	0	518
2014	Barrington - S. of Horace Brown to 13 Mile SB	0	0	465	0	465
2014	Blairmoor - Manchester to Thirteen Mile Road	50	15	478	0	543
2014	Manchester & Woodmont Intersection	0	0	102	0	102
2014	Concrete Replacement	0	0	100	0	100
2014	Sidewalk Replacement	0	0	20	0	20
	YEAR 9 ROADS					
2015	Fourmer - Sherry to Mark and Mark - Fourmer to Sherry	140	30	1,185	0	1,355
2015	E. Harwood - Couzens to Dei	46	15	353	0	414
2015	Lincoln - John R to 104 E. Lincoln - (Watermain to Osmun)	0	0	165	0	165
2015	Lincoln - 504 E. Lincoln to 583 E. Lincoln	0	0	457	0	457
2015	Concrete Replacement	0	0	100	0	100
2015	Sidewalk Replacement	0	0	20	0	20
	YEAR 10 ROADS					
2016	Madison - Millard to 31605 Madison - (Watermain Whole Street)	0	0	289	0	289
2016	Areada - N. of 11 Mile Road	0	0	275	0	275
2016	Meadows - Whitcomb to 31608 Meadows - (full Watermain)	24	5	387	0	416
2016	Dorchester - 13 Mile to Windemere	0	0	126	0	126
2016	Windemere - Dorchester to Edgeworth	0	0	255	0	255
2016	Kenwood - Millard to 31601 Kenwood - (Watermain to Englewood)	0	0	288	0	288
2016	Moulin - Dulong to 1353 Moulin - (Watermain to Rose)	34	14	328	0	376
2016	Concrete Replacement	0	0	100	0	100
2016	Sidewalk Replacement	0	0	20	0	20
	YEAR 11 ROADS					
2017	Additional Proposal R- 2 Eligible Projects	0	0	1,902	0	1,902
TOTALS		\$ 1,359	\$ 202	\$ 22,678	\$ 1,176	\$ 25,415

TABLE V
FY 2013-17 FIVE YEAR CAPITAL IMPROVEMENT PLAN
ROAD IMPROVEMENTS
(IN THOUSANDS)

APPROPRIATIONS:

	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	TOTAL APPROP.
ROAD IMPROVEMENTS								
A. STATE HIGHWAY PROJECTS								
B. MAJOR ROAD IMPROVEMENTS								
Campbell - 12 Mile Intersection North	\$0	\$0	\$22	\$0	\$0	\$0	\$0	\$22
14 Mile - Asphalt Overlay-Campbell to Stephenson	0	0	1,510	0	0	0	0	1,510
12 Mile - Asphalt Overlay-Stephenson to Dequindre	0	0	0	2,800	0	0	0	2,800
John R - Overlay 11 Mile to 12 1/2	0	0	1,815	0	0	0	0	1,815
C. LOCAL ROAD IMPROVEMENTS (EXCLUDING PROP "R-1 & R-2")								
NSP Sectional Concrete Repair (Connie)	0	175	0	0	0	0	0	0
D. TRAFFIC SIGNAL UPGRADES								
Traffic Signal Improvements	0	10	10	30	30	30	30	130
E. REHABILITATION PROGRAMS (EXCLUDING PROP "R-1 & R-2")								
Joint & Crack Sealing - City Wide Major	0	0	75	75	75	75	75	375
13 Mile Sectional - Campbell to Stephenson Highway	312	0	0	0	0	0	0	0
Asphalt Crack Seal	50	0	0	0	0	0	0	0
John R Sectional - 11 Mile to 12 1/2	158	221	100	0	0	0	0	100
John R Sectional - 10 Mile to 11 Mile	0	0	350	0	0	0	0	350
11 Mile Sectional- I-75 to John R	0	0	250	0	0	0	0	250
11 Mile Sectional- John R to Dequindre	0	0	250	0	0	0	0	250
Campbell 13 to 14 Mile Rd.	140	0	0	0	0	0	0	0
Campbell 12-13 Mile Curb Repairs	0	0	150	0	0	0	0	150
13 Mile Sectional - Campbell to Dequindre	0	0	100	0	0	0	0	100
Sidewalk Replacement & Gap Installation	420	425	420	350	350	100	100	1,320
F. COMMERCIAL AND INDUSTRIAL ROAD PROJECTS								
Whitcomb Sectional - John R to Dequindre	50	50	225	100	0	0	0	325
Whitcomb Sectional - East of Stephenson	0	0	25	0	0	0	0	25
Industrial Sectional - Fourteen to East Avis	0	0	200	0	0	0	0	200
Commercial & Industrial Sectional Concrete Replacement	50	0	50	50	50	50	50	250
G. EQUIPMENT REPLACEMENT								
2003 Street Sweeper #408	0	216	0	0	0	0	0	0
2004 One Ton Dump Truck #431	0	0	60	0	0	0	0	60
2003 Tandem Dump Trucks V-Box Inserts #418 & #422	0	0	150	0	0	0	0	150
2003 Street Sweeper #402	0	0	0	209	0	0	0	209
1999 Ford Single Axle Dump Truck #479	0	0	0	180	0	0	0	180
2003 Platform Truck #429	0	0	0	150	0	0	0	150
2003 Tandem Dump Truck #417	0	0	0	240	0	0	0	240
2003 Tandem Dump Truck #418	0	0	0	0	240	0	0	240
2002 Stake Truck #415	0	0	0	0	0	150	0	150
2003 Tandem Dump Truck #419	0	0	0	0	0	240	0	240
2003 Single Axle Dump #424	0	0	0	0	0	180	0	180
2003 Backhoe #407	0	0	0	0	0	0	98	98
2003 Tandem Dump Truck #422	0	0	0	0	0	0	240	240
2003 Single Axle Dump # 425	0	0	0	0	0	0	150	150
2002 Brush Bandit Chipper #410	0	0	0	0	0	0	80	80
2006 Super Duty Dump Truck #481	0	0	0	0	0	0	75	75
2004 Brush Chipper Truck #525	0	0	0	0	0	0	125	125
TOTALS	\$ 1,180	\$ 1,097	\$ 5,762	\$ 4,184	\$ 745	\$ 825	\$ 1,023	\$ 12,539

TABLE V
FY 2013-17 FIVE YEAR CAPITAL IMPROVEMENT PLAN
ROAD IMPROVEMENTS
(IN THOUSANDS)

REVENUES:

ROAD IMPROVEMENTS	GENERAL FUND	LOCAL/ MAJOR STREETS	SPECIAL ASSESS.	VEHICLE/ SOLID WASTE MILLAGE	TROY/ H.P./R.O. CONTRIB.	OTHER REVENUES	FEDERAL TRANSPORT GRANT	OAKLAND CO. ROAD/ DRAIN	TOTAL REVENUES
A. STATE HIGHWAY PROJECTS									
B. MAJOR ROAD IMPROVEMENTS									
Campbell - 12 Mile Intersection North	\$ 22	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 22
14 Mile-Asphalt Overlay-Campbell to Stephenson	0	0	0	0	0	0	1,208	302	1,510
12 Mile-Asphalt Overlay-Stephenson to Dequindre	0	0	0	0	0	0	2,240	560	2,800
John R - Overlay 11 Mile to 12 1/2	961	0	0	0	0	0	854	0	1,815
C. LOCAL ROAD IMPROVEMENTS (EXCL. PROP. "R")									
D. TRAFFIC SIGNAL UPGRADES									
Traffic Signal Improvements	0	130	0	0	0	0	0	0	130
E. REHABILITATION PROGRAMS									
Joint & Crack Sealing - City Wide Major	0	375	0	0	0	0	0	0	375
John R Sectional - 11 Mile to 12 1/2	100	0	0	0	0	0	0	0	100
John R Sectional - 10 Mile to 11 Mile	350	0	0	0	0	0	0	0	350
11 Mile Sectional - I-75 to John R	250	0	0	0	0	0	0	0	250
11 Mile Sectional - John R to Dequindre	250	0	0	0	0	0	0	0	250
Campbell 12-13 Mile Curb Repairs	150	0	0	0	0	0	0	0	150
13 Mile Sectional - Campbell to Dequindre	100	0	0	0	0	0	0	0	100
Sidewalk Replacement & Gap Installation	0	0	1,320	0	0	0	0	0	1,320
F. COMMERCIAL AND INDUSTRIAL ROAD PROJECTS									
Whitcomb Sectional - John R to Dequindre	225	100	0	0	0	0	0	0	325
Whitcomb Sectional - East of Stephenson	0	25	0	0	0	0	0	0	25
Industrial Sectional - Fourteen to East Avis	100	100	0	0	0	0	0	0	200
Commercial and Industrial Sectional Concrete Replacement	0	250	0	0	0	0	0	0	250
G. EQUIPMENT REPLACEMENT									
2004 One Ton Dump Truck #431	60	0	0	0	0	0	0	0	60
2003 Tandem Dump Trucks V-Box Inserts #418 & #422	150	0	0	0	0	0	0	0	150
2003 Street Sweeper #402	0	0	0	209	0	0	0	0	209
1999 Ford Single Axle Dump Truck #479	0	0	0	180	0	0	0	0	180
2003 Platform Truck #429	0	0	0	150	0	0	0	0	150
2003 Tandem Dump Truck #417	0	0	0	240	0	0	0	0	240
2002 Stake Truck #415	0	0	0	150	0	0	0	0	150
2003 Tandem Dump Truck #418	0	0	0	240	0	0	0	0	240
2003 Tandem Dump Truck #419	240	0	0	0	0	0	0	0	240
2003 Single Axle Dump #424	180	0	0	0	0	0	0	0	180
2003 Backhoe #407	98	0	0	0	0	0	0	0	98
2003 Tandem Dump truck #422	0	0	0	240	0	0	0	0	240
2003 Single Axle Dump # 425	150	0	0	0	0	0	0	0	150
2002 Brush Bandit Chipper #410	0	0	0	80	0	0	0	0	80
2006 Super Duty Dump Truck #481	75	0	0	0	0	0	0	0	75
2004 Brush Chipper Truck #525	0	0	0	125	0	0	0	0	125
TOTALS	\$ 3,461	\$ 980	\$ 1,320	\$ 1,614	\$ 0	\$ 0	\$ 4,302	\$ 862	\$ 12,539

ROAD IMPROVEMENTS

Road Improvement Funding

- Historical State Funding Model

Act 51 of the Michigan Public Acts of 1951, as amended, outlines the tri-level responsibility for road jurisdiction in our State. It provides a continuous classification of all roads and streets into three separate categories/systems – state, county and municipal, and into sub-classifications within each system. In each municipality's jurisdiction, the State has assigned roads to either Major or Local Street categories. As a result, in Madison Heights we have 21.5 miles of City Major Streets and 74.0 miles of City Local Streets. In FY 2011-12 Budget, the City will receive \$51,500 per mile for City Major Streets and \$5,600 per mile for City Local Streets. The Act also established the Michigan Transportation Fund (MTF).

In FY 2011-12, the amount projected to be received by the City under Act 51 is 6.5% or \$93,000 more than the previous fiscal year. The distribution rates and actual collections often vary.

The MTF is supported through collection of the nineteen cents-a-gallon gas tax, fifteen cents-a-gallon diesel tax, vehicle registration fees, and other taxes and license fees. The MTF statute outlines how funds are distributed to owners of these road systems. First, funds are set aside by the State for administration, recreation, the critical bridge fund, railroad crossings, economic development, mass transit, State bridges and State debt service. The remaining funds are split between the Michigan Department of Transportation (MDOT), 39.1 percent; 83 County Road Commissions, 39.1 percent; and cities and villages statewide, 21.8 percent. Separate Federal highway funds are split with 75 percent of those funds going to the State and 25 percent being divided between counties, and cities and villages.

- Governor Snyder's Special Message on Infrastructure

On October 26, 2011 Governor Rick Snyder highlighted Michigan's critical needs in his Special Message to the Legislature on Infrastructure. The governor's message focuses on four primary needs:

1. A modern transportation system that moves people and goods efficiently, reliably and safely.
2. A multimodal system serving the movements of a new generation of Michiganders that is more active, urban-based and tech savvy.
3. Water and sewer systems that support and protect Michigan's rich environment.
4. Integrating the broadband telecommunications network, connecting every business and household to the Internet.

While noting the state's continued innovations in transportation infrastructure and new technology, Snyder called for further cost savings and efficiencies through additional reforms and best practices. Proposals include:

- Allowing counties to absorb their county road commissions to ensure greater accountability. Michigan is the only state with county road agencies.
- Giving the state the authority to audit county road agencies.
- Updating Public Act 51 of 1951 to remove cities and villages that receive less than \$50,000 in transportation funding from the distribution of P.A. 51 funds. Rather than go to jurisdictions, money will stay with the road so it can be distributed to whatever larger road agency maintains those roads and bridges.
- Ensuring that agencies covered under P.A. 51 conform to Michigan's new law requiring employees to contribute 20 percent of their health care premiums, and have new employees placed on defined contribution retirement plans.
- Allow agencies covered by P.A. 51 to open construction and maintenance contracts to competitive bidding from the public and private sectors.

Snyder also is urging dramatic reforms to Michigan's transportation user fees to ensure sustainable funding for roads and bridges. He pointed to the 2008 Transportation Funding Task Force and the 2010 House Transportation Committee work group, both of which cite the need for significant funding increases. Recommendations include:

- Allowing counties and regional authorities to levy a local vehicle registration fee to support transportation if approved by local voters.
- Eliminating the state's current 19-cents-per-gallon gas tax and 15-cents-per-gallon diesel tax in favor of a percentage wholesale tax on fuel, which is a more viable long-term funding approach. The wholesale tax would be revenue neutral upon enactment.
- Increasing investment in our infrastructure by \$1 billion to \$1.4 billion each year. For the sake of discussion, a state registration fee increase of \$10 per month on the average passenger vehicle would raise nearly \$1 billion.
- Distributing new transportation funding based on road use and traffic volumes, with a seven- to ten-year transition period for full effect. This would include any new revenues beyond what is collected and spent today.

The governor pointed out that Michigan's abundant water resources, which support many of our economic and quality of life benefits, must be protected as well. For example, failing sewer systems can have a direct impact on the number of beach closings across Michigan each year. The governor is endorsing recommendations of the State Revolving Fund Advisory Group to use \$1 billion approved by voters in 2002 to provide grants and low-interest loans to help communities upgrade sewer and water systems.

Broadband service is another critical link to Michigan's future, according to Snyder. To complement \$247 million in federal broadband funding, Snyder is calling for the interconnecting of local governments and school districts to avoid duplication. He is also urging the Michigan Public Safety Commission to open its communications system towers to Internet service providers, and is encouraging the streamlining of utility work permit clearances in state road rights of way.

The road improvement expenditures in this Chapter are described in seven categories:

- A. State Highway Projects
- B. Major Road Improvements
- C. Local Road Improvements
- D. Traffic Signal Upgrades
- E. Rehabilitation Programs
- F. Commercial and Industrial Roads
- G. Street Maintenance and Solid Waste Vehicle Replacement

A. State Highway Projects

- Oakland County I-75 Corridor Study

In 1999, MDOT, the Southeast Michigan Council of Governments (SEMCOG), Road Commission for Oakland County and the Traffic Improvement Association of Oakland County hired a consultant, the Corradino Group, to study the Oakland County I-75 Corridor to review the highway's traffic problems and recommend solutions.

In the fall of 1999 and summer of 2000, the City provided input to the consultant and at two public meetings held in Madison Heights.

The final report from the consultant recommended:

1. Non-I-75 Roadway Improvements
 - a. Widen Arterial Roadways
 - b. New Roadway in West Oakland County
2. Intelligent Transportation System (ITS) and Widen Arterial Roadways plus Sydney Coordinated Adaptive Traffic System (SCATS) plus Incident Management and Ramp Metering (where appropriate)
3. Improvements to I-75
 - a. Lane Additions (one lane per direction)
 - b. Mainline Improvements plus Interchange Improvements (including both Twelve and Fourteen Mile interchanges in Madison Heights)
 - c. Collector/Distributor (CD) Roadways at appropriate locations

In the ITS improvement area, the consultant has suggested an expansion of the SCATS system south of the City of Troy (for those areas not currently served by SCATS) in Oakland County.

In the non I-75 Roadway Improvement area, the study projected that Dequindre (north of I-696), Twelve Mile and Fourteen Mile Roads will all have volumes exceeding existing capacity by the year 2020.

Interchange reconstruction recommendations include a "single point" design. This design brings all ramp ends together at a single point and provides a three-phase (three green phases, one for each of three movements) intersection operation. The three phases would be left turns from the ramp ends, left turns to the entrance ramp and the through movement on the cross street. This design increases vehicle through-put (improving vehicle flow) with minimal property taking and results in surplus property that could be sold to help finance the project.

The study had identified Twelve Mile, Fourteen Mile and Rochester Roads as the top candidates for the “single point” design. Earlier review has indicated that the underpasses in Madison Heights would need to be widened and the highway raised to implement this design.

- Environmental Study Update

In late December 2003, MDOT issued a DEIS (Draft Environmental Impact Statement) for the I-75 reconstruction project from M-102 (8 Mile Road) to M-59.

Description of the Proposed Project

The I-75 Corridor Study in Oakland County (Feasibility Study), completed in November 2000, recommended providing four through travel lanes in each direction throughout Oakland County. It also recommended the improvement of several interchanges and arterial streets near I-75. The project proposed by MDOT and covered by the DEIS addresses the reconstruction of I-75 and its widening of I-75 from three to four through travel lanes in each direction between M-102 (8 Mile Road - exit 59) and M-59 (exit 77), a distance of 18 miles. The next six miles, north to Joslyn Road (exit 83) has already been widened to four through travel lanes. The Feasibility Study recommended that MDOT widen I-75 north of Joslyn Road. The proposed improvements between M-102 and M-59 have independent utility, i.e., they can stand alone and provide transportation benefits without relying upon the development of other projects. The proposed project will connect with the four-lane section north of Square Lake Road and south of M-102.

The DEIS is a product of the I-75 Oakland County Planning/Environmental Study, which was listed in the SEMCOG 2025 Regional Transportation Plan, in SEMCOG’s Transportation Improvement Program (TIP), and in the MDOT’s Five-Year Road & Bridge Program (Volume V - 2003 to 2007) for the Metro Region.

In June 2005, the City received a copy of the Final Environmental Impact Statement (FEIS). The document had been approved by the Federal Highway Administration (FHWA) on May 31, 2005 and forwarded to the Environmental Protection Agency. The impact of the project was summarized as follows:

<u>Impact Category</u>	<u>Expected Impact</u>
Traffic and Safety	Mainline I-75 Level of Service D or better (except 11 Mile Road to 14 Mile Road), compared to Level of Service F with No Build. Safety will improve.
Relocations	Twenty-six single family residences, one church, and two businesses.
Community Cohesion	Improved access across I-75 for pedestrians and bicyclists.
Environmental Justice	No disproportionately high and adverse human health or environmental effects on minority or low-income populations.
Land Use	Consistent with local and regional planning documents.

<u>Impact Category</u>	<u>Expected Impact</u>
Farmland/Act 451, Part 361 Land	No prime or unique farmlands. No Act 451, Part 361 lands.
Economics	Added capacity responds to growth and supports the focal point of Michigan's economic growth. Tax base losses insignificant.
Air Quality	Lower emissions from improved traffic flow. No violations of the National Ambient Air Quality Standard for carbon monoxide. Project is included on air quality conforming 2030 Regional Transportation Plan.
Noise	430 dwelling units, 1 school, and 5 churches would be exposed to noise levels exceeding the 66 dBA criterion under future no build conditions compared to 466 dwelling units, 1 school, and 5 churches with the project. Mitigation would substantially reduce impacts under build conditions.
Surface Water Impacts	Two crossings of River Rouge and 10 of county drains. Storm water quantity will increase, flow rate will not. Storm water in depressed section will be separated from current combined sewer system, a positive effect.
Wetlands	Preferred Alternative affects 0.41 acres of Palustrine Emergent, and Palustrine Shrub-Scrub. Potential 0.61 acres of mitigation at an identified site.
Threat/Endangered Species	None.
Cultural Resources	No potential National Register eligible sites or districts affected.
Parks/Recreation	No effect on any park. No Section 4(f) involvement.
Visual Conditions	Reduction of grassy banks and landscape plantings from 8 Mile to 12 Mile (depressed section) and grass median north to Square Lake Road (at-grade and elevated section).
Contaminated Sites	One site recommended for Phase II testing.
Soils	Cutting into banks of depressed section could undermine some existing noise walls, requiring stabilization or reconstruction. Poor soils in north project area, potentially affecting noise wall cost, but no anticipated problems with roadway construction.
Utility Systems	Utility relocation on I-75 bridges. No effect on high-tension electric line at 12 Mile Road or any cell towers. Relocation of MDOT traffic surveillance equipment necessary.
Indirect and Cumulative	Project responds to growth, consistent with local planning. Together with other regional projects, there will be future impacts to resources from development, subject to local, state, and federal laws and regulations.

Impact Category	Expected Impact
Energy	Energy used during construction. Fuel savings upon opening.
Project Costs (2005 dollars)	Right-of-way \$ 16,000,000 Design 93,000,000 Construction <u>463,000,000</u> \$572,000,000

On July 25, 2005, the City took the following position on the FEIS:

General

- The City of Madison Heights supports the proposed I-75 improvements as a component of the measures needed to address the congestion issues within the I-75 Corridor.
- The City continues to support consideration of mass transit alternatives, in addition to the proposed I-75 improvements, as appropriate and supplemental methods of addressing current and future congestion within the I-75 corridor.
- **The City is not committing to enforcement of any High Occupancy Vehicle (HOV) lane alternative.** Should the proposed project ultimately include HOV lanes, enforcement should be the responsibility of the State Police. The response to the City's DEIS comment in this regard referenced "...*additional funding sources will be explored....*" Madison Heights welcomes the opportunity to receive additional information on these sources and their level of compensation for any eventual local enforcement resources.

Project Design/Improvements

- The City supports MDOT's efforts to provide separated storm water management through this project.
- There is a concern, however, with the method of conveyance for the separated storm flow from I-75 to the Red Run Drain East of Dequindre. The FEIS does not specifically address this issue; however, the consultant involved in the drainage study indicates that the intent is to construct a new storm system along the existing George W. Kuhn (GWK) Drain right of way. **This concept must be reevaluated and discussed in detail with the Oakland County Water Resources Commissioner's office and all communities that are part of the GWK Drainage District.** The exact location of the proposed storm pipe, to be established during the design phase, must take into account the surface and subsurface facilities that occupy the intended route. There is approximately 1 mile of I-75 right of way, north and south of 12 Mile Road including the interchange which has its run-off already accounted for within the GWK separated system being conveyed directly to Red Run east of Dequindre.

- The City recommends including extension of a westbound right turn lane on 12 Mile Road, immediately west of existing Home Depot driveway, within the project scope. The response to our DEIS comment indicates potential conflicts with FHWA policy. The widening project will have substantial impact on this area and should be within the scope of the project. In light of the intersection design modifications called for later in the FEIS, the City continues to recommend that a dedicated I-75 access lane be accommodated in this location, designed in accordance with applicable federal and state design criteria.
- The City plans to install a sidewalk (completed summer 2006) on the south side of 14 Mile from Concord to Stephenson Highway. The City requests that this expense, within the I-75 project area, be credited toward any local contribution that may be required relative to the I-75 project.
- The City plans to provide maintenance overlays (completed summer 2006) for portions of the service drive at the I-75/I-696 intersection. The City requests this expense, within the I-75 project area, be credited toward any local contribution that may be required relative to the I-75 project.

Non-Motorized Access

- The City continues to recommend providing designated pedestrian and bicycle access across all proposed bridges and underpasses, as well as at the Red Run Drain crossing, within the scope of this project.
- The Project includes new sidewalk adjacent to service drive on the east side. The City supports this concept and recommends continuing this non-motorized path throughout the project area (north to 14 Mile) with a design to accommodate bicycle traffic. This recommendation is not predicated on the referenced countywide non-motorized plan.
- The project includes removal of the I-75/Red Run Bridge. This will eliminate or minimize the potential for any future GWK and pedestrian/bicycle access across I-75 under the existing bridge system. Alternatives must be provided to ensure future access in this regard. This recommendation is not predicated on the referenced countywide non-motorized plan.

Local Road Impacts

- The FEIS generally references the extensive impact the proposed improvements will have on the adjacent road network (56 miles +), but does not address specific adjacent street improvement costs and impacts within Madison Heights or the funding mechanisms necessary to mitigate those impacts. This project will have extensive and long-term impacts on our local roads, both during construction as well as operationally after construction. These must be identified along with an identified cost sharing structure. The FEIS response that these costs will be "... determined through the long-range planning process by the responsible agency" is not responsive and does not address the true costs of these impacts.

- The FEIS generally references the extensive impact on adjacent streets and communities during actual construction, but does not address costs attributable to local units to mitigate those impacts.

Neighborhood Impacts

- The FEIS identifies the possible taking of twenty-three single-family homes (three additional single-family properties are impacted), one church and portions of other parcels in Madison Heights. These are identified as “preliminary estimates” that are “subject to change during the design phase”. The City supports efforts to reduce these impacts further during the design phase.
- The City recommends additional evaluation of the existing and proposed sound walls in the area from I-696 to 11 Mile. **The City continues to oppose transferring responsibility for maintenance and reconstruction of the sound walls from MDOT to the City.**
- Local access and diverted through-traffic during construction will be maintained via service drives. The FEIS references a future “...maintenance of traffic program...” during the design phase to address safeguards to protect adjacent neighborhoods from this impact. This process must include analysis of closing/restricting access to side streets during construction as well as on a permanent basis.

Interchange Impacts

- The City continues to support use of land area freed up by new interchanges for private economic development, where appropriate based on adjacent land uses and parcel configurations. The proceeds from the sale of property should be credited toward any local contribution that may be required relative to the I-75 project and as partial compensation for lost local revenues due to possible takings elsewhere in the project area.

On October 28, 2005, the City received a copy of the I-75 at Lincoln Avenue Local Road Scenario Report. It was prepared in response to a resolution passed by the Royal Oak Commission on August 1, 2005.

The analysis shows the necessity to preserve the Lincoln Avenue Bridge based on many reasons including traffic operations, safety, emergency access issues, non-motorized concerns and others. The recommendation of the report is to retain the Lincoln Avenue Bridge as a part of the Preferred Alternative for I-75 improvements, as recommended in the FEIS, April 2005. The FHWA also concurred with the analysis and its findings, including retaining the Lincoln Avenue Bridge as a part of the Preferred Alternative for the I-75 improvements.

This project is listed as a study in MDOT’s approved *2004-2009 Five-Year Transportation Program*, which outlines roadway expenditures over the next five years. It is on SEMCOG’s *2030 Regional Transportation Plan (RTP)*, with construction scheduled for the 2011-2015 time period. With its inclusion on the plan, it is shown to be in conformity with the Clean Air Act.

Due to modifications that are recommended at the I-696 interchange and 12 Mile Road, an Interstate Break-in-Access Justification Report (IAJR) was prepared to document the effect of the proposed access changes on the interstate system and affected local roads. Analysis performed for that report has been incorporated into this FEIS.

The FEIS has been distributed to federal, state and local agencies, private organizations, and all members of the public making substantive comments on the DEIS. Following the comment period on the FEIS, it was forwarded to the FHWA with a recommendation that a Record of Decision (ROD) be issued. The ROD will act as the Location/Design Approval document, allowing the project to move forward to the design stage, when funding is identified. After design is completed the right-of-way acquisition and construction phases will occur. However, due to the Michigan Transportation Fund shortfalls, the project has been deferred. It is expected that when funding is provided, the project can move into detail design. Construction funding has not yet been identified.

A new I-75 engineering report study was released in September 2010. The report represents the final engineering report for the I-75 widening project from 8 Mile Road to south of 12 Mile Road. Key components include a new proposed Park & Ride lot at the northeast corner of I-75 and I-696, accessed off the existing service drive. In addition, the number of parcels identified as probable to be purchased has been reduced from 62 to 44 parcels. Design, right-of-way acquisition and construction phases are deferred, and no funds have been identified.

B. Major Road Improvements

- 12 Mile/14 Mile Asphalt Overlay

The Road Commission for Oakland County has road jurisdiction over 10 Mile, 12 Mile, 14 Mile and portions of John R roads. To extend the life of two of these roads, they have programmed asphalt overlay projects in FY 2012-13 on 14 Mile from Campbell to Stephenson (\$1.5 million) and in FY 2013-14 for 12 Mile from Stephenson to Dequindre (\$2.8 million). The Road Commission will provide a 20 percent match to the Federal funding for these projects.

- Major Corridor Rehabilitation Projects

In October of 2009, a six-year federal transportation funding bill known as SAFETEA-LU expired. SAFETEA-LU stands for Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users. The bill has been extended over the last two years to allow Congress to work out the details of a new bill.

At Congressman Levin's request, the City submitted four major road reconstruction projects; 11 Mile from I-75 to John R (\$1.2 million); 11 Mile from John R to Dequindre (\$1.9 million); John R from 10 Mile to 11 Mile (\$2.1 million); and John R from 11 Mile to 12 Mile (\$2.8 million). The typical match requirements are 80% federal for 20% local match. In October of 2009, we were notified that Congressman Levin had requested a local "earmark" of \$2.2 million for the two 11 Mile projects.

Given the Federal government's move to eliminate earmarked projects, staff has developed an alternative project to address these southend commercial corridors. Based on the success of the recent Downtown Development Authority road rehab project, the plan is to perform a concrete sectional replacement for 11 Mile from I-75 to John R (\$250,000), 11 Mile from John R to Dequindre (\$250,000), John R from 12 Mile to Gardenia (\$100,000), John R from 11 Mile to 10 Mile (\$350,000) and 13 Mile from Campbell to Dequindre (\$100,000). In addition, the staff has

planned a comprehensive curb repair project on Campbell from 12 Mile to 13 Mile (\$150,000). Due to the significant funding shortfall in the State's gas and weight taxes, these projects will be funded through a one-time transfer of \$1 million from General Fund fund balance.

On February 22, 2011, the Oakland County Federal Aid Task Force Funding Committee gave approval for the City's request to rehabilitate and asphalt overlay John R from 11 Mile north to the Red Run Drain. The 2015 project expenditures of \$1,710,640 will be split equally between the federal grant and our local match at \$855,230 each. In addition, the City is required to fund 100% of the design engineering (\$105,000). In April 2012, the City's request to move this project to 2013 was approved. The City Council approved use of General Fund fund balance to have the City's entire match plus engineering (\$961,000) available by October 1, 2012 to allow construction in 2013.

In addition, Congressman Gary Peters has requested an earmark of \$90 million to plan, design, acquire right-of-way, construct and rehabilitate the I-75 corridor between 8 Mile and M-59 through MDOT.

C. Local Road Improvements

In addition to the Proposal "R-1 and R-2" Ten Year Residential Road Improvement Programs outlined in the Neighborhood Roads Chapter, historically there have been additional local road improvements scheduled in the Capital Improvement Plan. In light of the decreasing gas tax revenues from the Michigan Transportation Fund, there is only enough Local Street Fund revenue to support operation and maintenance costs.

- **Neighborhood Stabilization Program (NSP) Monroe Park Road Improvements**

In March of 2009, the City received a federal NSP grant of \$1.2 million to provide redevelopment of areas negatively impacted by abandoned and foreclosed homes. In December 2009, the City was notified that we would receive an additional \$190,799, bringing the total grant to \$1.4 million. One of the four major projects under this grant was the redevelopment of the old 3.6 acre abandoned Monroe School site in the southwest corner of the City.

This project included four components: demolition of the old school building; purchase of one acre for a park site; installation of the park improvements; and rehabilitation of the roads that abut the site. The City selected a contractor in November of 2009 for sectional concrete replacement work on Barrett and Dallas Streets. The project was completely funded through NSP (\$63,000), with work completed in Spring 2010.

Staff has identified use of Federal CDBG/NSP funds to address sectional concrete repairs on an NSP-eligible residential road (\$175,000), Connie from Couzens to Park Court is scheduled for 2012.

D. Traffic Signal Upgrades

Over the last fifteen years, the City has undertaken a considerable effort to upgrade the existing traffic signals on major City thoroughfares to improve traffic safety and reduce congestion during peak travel times. To this end, left-hand turn signals have been added at John R and Whitcomb, John R and Eleven Mile, Dequindre and Whitcomb, Dequindre and Thirteen Mile, Dequindre and Twelve Mile, and Dequindre and Eleven Mile.

Over the last fifteen years, at the request of the Road Commission for Oakland County (RCOC) and with considerable financial incentive to the City, the City Council has authorized the installation

of the SCATS system at a number of locations. This system is part of the RCOC's FAST-TRAC Intelligent Transportation System, which was first introduced in Oakland County in 1992.

SCATS stands for the Sydney Coordinated Adaptive Traffic System and was first deployed in Sydney, Australia. SCATS is an area-wide traffic controlled strategy designed to reduce overall system delay. Some drivers might experience slightly more delay, but most drivers will benefit. SCATS maximizes the use of available road capacity, thereby improving the efficiency of the overall system.

SCATS uses telephone lines to communicate between a regional computer and the traffic signal controller at each SCATS intersection. Each intersection has vehicle detector cameras that let SCATS know when vehicles are present. The detectors allow SCATS to count vehicles and SCATS uses this information to decide how much green-time each approach to a signalized intersection should have. This is recomputed every cycle to determine what timing changes need to be made in order to move traffic most effectively. SCATS also coordinates timing at adjacent intersections to provide for the best possible traffic flow.

The SCATS system is but one tool to be used to optimize traffic flow on existing roads. SCATS is not intended to replace road widening where extra capacity is required, but it has certainly proven to be the next best thing.

Since 1998, SCATS projects have been completed at John R and I-696, Twelve Mile from Stephenson to Milton, Eleven Mile and John R, Fourteen Mile from Stephenson to Industrial, John R and Dartmouth, Thirteen Mile from Stephenson to Hales, John R and Ajax, John R and Irving, Eleven Mile from I-75 to Hales and John R from Brockton to Madison Place.

An allocation of \$10,000 to \$30,000 per year has been included in the Capital Improvement Plan starting in FY 2011-12 to provide funding for unanticipated signal upgrades.

E. Road and Sidewalk Rehabilitation Programs

The Capital Improvement Plan also includes the continuation of two very successful City-wide programs. Within the capital budget, \$75,000 to \$420,000 per year for each of the next five years has been programmed for each of the following: sidewalk repair and installation program; and joint and crack sealing and/or over-band crack sealing of major roads.

- **Sidewalk Repair & Gaps Program**

On December 13, 1999, the City Council adopted a goal to “identify gaps in the sidewalk network, develop financing and implement multi-year programs to improve pedestrian access and safety.”

The City has had a very successful sidewalk repair program. After 2001 (final year of the original fourteen year program), the entire City sidewalk system had been inspected and repaired to a ½” trip standard. However, over time the sidewalk system will continue to need ongoing repair. In addition, several areas of the City have “gaps” within the sidewalk system that results in poor or incomplete pedestrian circulation.

As part of the Sidewalk Special Assessment Program, the City's contractor replaces key flags and installs handicap ramps at intersections, and does general sidewalk repairs and replacement. Funding is provided by property owners' assessments each year on a district-by-district basis. The district schedule for 2012 is Year 10, which includes sidewalks north of Thirteen Mile Road, east of I-75, south of Whitcomb, and east of Dequindre.

SIDEWALK PROGRAM AND GAP MAP CITY OF MADISON HEIGHTS

- SIDEWALK GAPS TO REMAIN
- SIDEWALK TO BE INSTALLED - GAP PROGRAM
- SIDEWALK TO BE INSTALLED - R-2 PROGRAM
- COMPLETED - R-2 PROGRAM
- SAD REJECTED BY RESIDENTS - R-2 PROGRAM
- SIDEWALK GAP INSTALLED

SIDEWALK PROGRAM YEARS

Complete	1	Complete	7
Complete	2	Complete	8
Complete	3	Complete	9
Complete	4	Complete	10
Complete	5	Complete	11
Complete	6	Complete	12

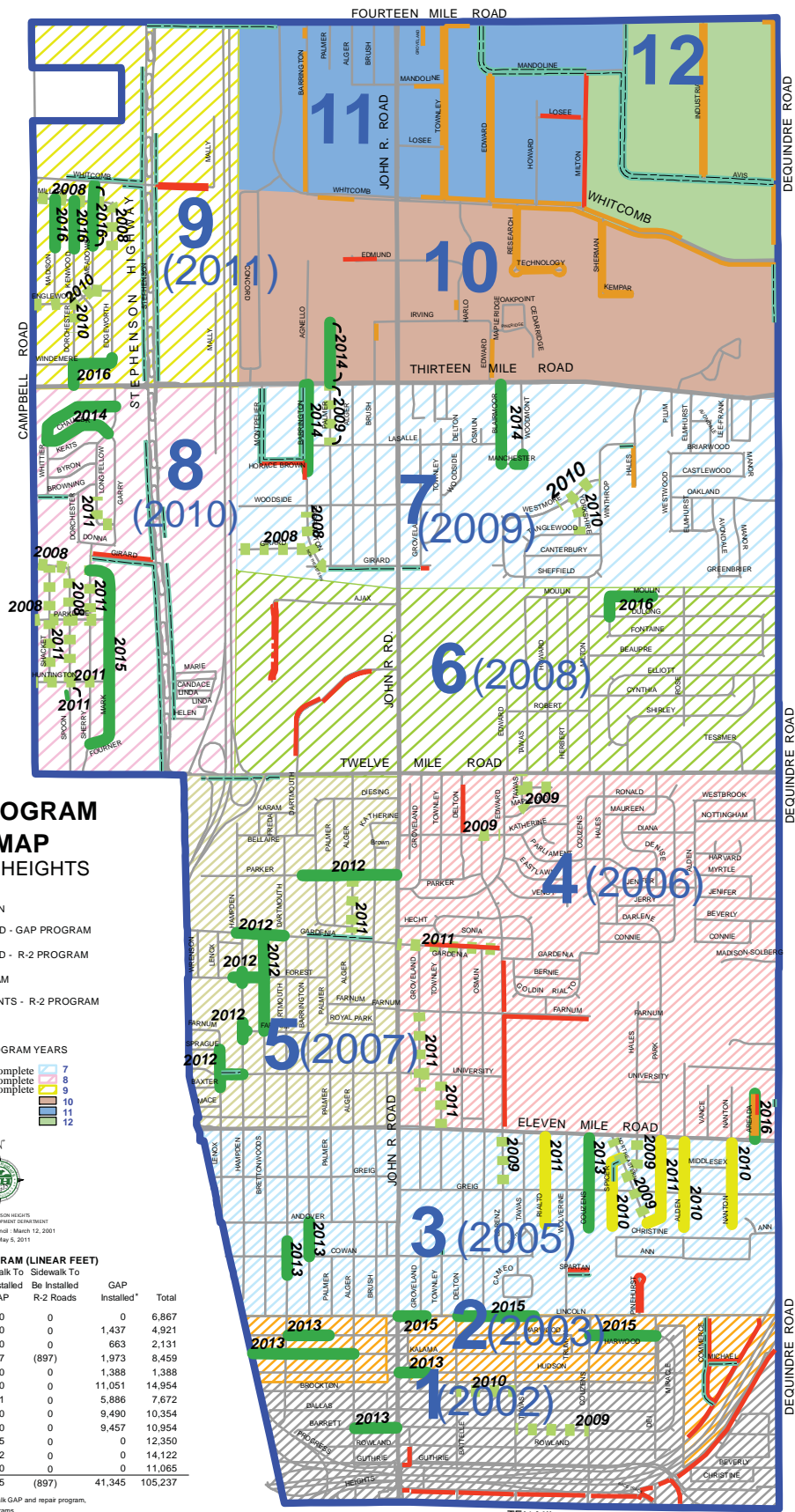


CITY OF MADISON HEIGHTS
COMMUNITY DEVELOPMENT DEPARTMENT
Adopted by City Council - March 12, 2001
Revised - May 5, 2011

SIDEWALK GAP PROGRAM (LINEAR FEET)

Status	Program	Year	GAP To Remain	GAP To Be Installed	Sidewalk To Be Installed R-2 Roads	GAP Installed*	Total
Complete	1	2002	6,867	0	0	0	6,867
Complete	2	2003	3,484	0	0	1,437	4,921
Complete	3	2005	1,468	0	0	663	2,131
Complete	4	2006	5,589	897	(897)	1,973	8,459
Complete	5	2007	0	0	0	1,388	1,388
Complete	6	2008	3,903	0	0	11,051	14,954
Complete	7	2009	1,005	781	0	5,886	7,672
Complete	8	2010	864	0	0	9,490	10,354
Complete	9	2011	1,497	0	0	9,457	10,954
Planned	10	2012	485	11,865	0	0	12,350
Planned	11	2013	580	13,542	0	0	14,122
Planned	12	2014	1,915	9,150	0	0	11,065
			27,657	36,235	(897)	41,345	105,237

* These totals include GAPs installed through annual sidewalk GAP and repair program, as well as GAPs installed through CAI and Tri-Party Programs.



On March 12, 2001, the City Council adopted the Sidewalk “Gap” and Replacement Policy. The following criteria were developed as the basis for determining sidewalk gap construction and funding contributions:

1. Pedestrian Safety
2. Current/Projected Use/Demand
3. Physical/Right of way constraints (“Constructibility”)
4. Proximity/Links to Schools, Parks, Employment Centers
5. Coordination with other public/private projects
6. Funding Resources
7. Maintenance – Public/Private
8. Property Ownership – Public, Schools, Private
9. Provision of sidewalks on both sides of Major Roads

The policy indicates that all sidewalks shall comply with the Code of Ordinances, except as specified below.

There is established as a part of this policy a “Sidewalk Program and Gap Map”. The preceding map establishes sidewalk gap locations throughout the City and denotes those gaps that are “to remain” and those that are “to be installed” with new sidewalk.

All new developments occurring within the City that are located on a parcel or parcels that have a sidewalk gap shown as “to be installed” on the Gap Map shall install said sidewalk. Provisions for such sidewalk construction shall be included as a part of site plan review, subdivision approval, or building permit application. Cost of sidewalk gap construction shall be the entire responsibility of the property owner or developer.

All public road and utility projects occurring within the City that are located on or adjacent to a parcel or parcels that have a sidewalk gap shown as “to be installed” on the Gap Map shall include installation of said sidewalk as a part of the scope of project.

For commercial and industrial mill and overlay projects the property owners will pay the full cost of the sidewalks. Cost of sidewalk gap construction shall be allocated between the City and the property owners in accordance with the percentage allocations in the City’s Special Assessment District Policy for Road Improvements (July 12, 1999, as amended) and through a special assessment district.

All other streets that have a sidewalk gap shown as “to be installed” on the Gap Map shall be installed during the City’s scheduled annual sidewalk program in accordance with the “Sidewalk Program” years on the Gap Map. Cost of sidewalk gap construction shall be the entire responsibility of the property owner either directly or through a special assessment district in conjunction with the City’s annual sidewalk program.

Construction of sidewalks shown on the “Gap Map” as “Sidewalk Gaps to Remain” shall not be required. However, nothing in the policy should be construed as preventing installation of said sidewalks where the property owner and/or City voluntarily seek such installation.

To address concerns voiced regarding homeowners’ ability to pay, the City Council amended the Sidewalk Program Policy in 2003 to provide for financial assistance for those who qualify.

Starting in FY 2007-08, Proposal “R-2” funding of \$20,000 per year is used to support the sidewalk handicap ramps and key flags.

- Campbell Road Rehabilitation Thirteen Mile to Fourteen Mile

A mill and asphalt overlay project was completed in 2009. Originally scheduled for FY 2010-11, the City received American Recovery and Reinvestment Act (ARRA) funding for 100% of the construction costs, saving both Madison Heights and Royal Oak approximately \$500,000 each. Total project cost was approximately \$1.15 million.

- John R -11 Mile to Gardenia

In 2009, the Downtown Development Authority funded a sectional concrete repair on the northbound curb line of John R from 11 Mile to Gardenia. The 2009 and 2010 funding was \$153,000 and \$158,000 respectively. The southbound lanes (\$221,000) were completed in 2011.

- Thirteen Mile Rehabilitation

As a result of the City’s success in being awarded an ARRA grant for the Campbell Road reconstruction, funding was freed up to address other pressing needs. To preserve the integrity of this important thoroughfare, phase one of sectional concrete replacement was completed in November of 2009. The John R to Stephenson Highway segment was funded through the Major Streets Fund at a cost of \$366,000. The next phase for Stephenson Highway to Campbell was completed in the Fall of 2010 at a cost of \$312,000, and \$100,000 is programmed for sectional concrete repairs in 2012 between Campbell Road and Dequindre.

- Oakland County Tri-Party Program

The Tri-Party Program was a program to assist the County to maintain their roads by seeking match funding. Under the program, the City, County and Road Commission each contribute one-third of the cost of road improvements on roads located in Madison Heights, but under the jurisdiction of the Road Commission for Oakland County. In Madison Heights, these roads include Ten Mile, Twelve Mile, Fourteen Mile and John R from the Red Run Drain to Fourteen Mile. In October, Oakland County announced that they were suspending new funding of this program.

The suspended program includes a Madison Heights project allocation of \$318,000 that would be split into three equal shares of \$106,000 between Oakland County, the Road Commission and the City. Although the City would like to support the Road Commission with a City contribution, given the lack of road funding, the money is not available.

- Concrete Joint and Crack Seal Program

The Joint and Crack Sealing Program has been a very successful method by which to extend the useful life of the City’s concrete roads. The process includes the removal of old tar, dirt and weeds, the blowing clean of these areas and a refilling of all cracks and seams with tar. Starting in FY 2012-13, the major roads portion will be funded through the Major Street Fund at \$75,000 per year.

F. Commercial and Industrial Roads

Industrial area road surfaces and commercial connector roads are taking an increasing amount of patching to maintain drivability. In addition, some of the roads in these areas are not wide enough to accommodate today's truck traffic and turning radii. The surface conditions of roads in the Madison Industrial Research District (north of Whitcomb) and other industrial/commercial areas have declined significantly in recent years.

On July 12, 1999, the City Council adopted a Special Assessment District Policy to expedite the reconstruction of these industrial subdivision and commercial roads.

- **Prior Projects**

Based on the past Council Policy, the staff was selecting one road (based on the annual road survey) every two to three years to be reconstructed or repaired, subject to available funding. The first project, Ajax Drive from John R to the Department of Public Services, was programmed and completed in 1999 at a cost of \$750,000.

The second industrial road project, Losee Avenue from Howard to Milton, was originally budgeted for FY 1999-2000 and was later rescheduled to FY 2001-02. The Losee project was combined with FY 2001-02 (original plan) reconstruction of Milton Avenue from Mandoline to Whitcomb and Howard Avenue from North Cul-de-sac to Whitcomb.

Starting in August 2001, two attempts were made to establish funding for this project (\$1.7 million) through a special assessment district. In March 2002, the City Council delayed consideration of the related Special Assessment Roll until December 2002. On December 16, 2002, the City Council approved the Special Assessment and construction was completed in the summer of 2003.

Scheduled for 2006 was the rehabilitation of Progress Drive from John R to Dallas and the I-696 northbound underpass. This I-696 service drive had developed road surface problems. Funds were allocated to mill and overlay the worst concrete sections. The project was completed in 2006 for \$185,000.

In FY 2006-07, the City completed the \$1.1 million (including \$293,000 in special assessment contributions and \$50,000 in Water and Sewer Fund contributions) reconstruction of Concord between Fourteen Mile Road and Barrington.

As part of the FY 2007-08 Community Development Block Grant (CDBG) application, the City requested \$288,000 (plus \$122,000 from the Major Street Fund) for the reconstruction of Progress and Heights Drives from John R to Couzens. The 2007 construction consisted of approximately 5,304 linear feet for both the eastbound and westbound drives of deteriorated concrete pavement being reconstructed with cold milling of the concrete pavement and asphalt overlay. The CDBG funding was derived from the net proceeds from the sale of the former Branch Library.

As part of the 2008-09 Goal Plan, the City Council approved a proposal: "In an effort to balance funding limitations and the backlog of commercial and industrial roads in need of repair, modify the existing program to allow for development, design, procurement and construction of a mill and asphalt overlay with appropriate joint and base repairs for these high priority road needs."

For FY 2008-09, the following overlay projects were completed: North Avis from Fourteen Mile to East Avis (\$464,000); East Avis from North Avis to Dequindre (\$344,000); Edward from Fourteen Mile to Mandoline (\$116,000); and Mandoline from Edward to North Avis (\$294,000). In addition to the overlay portion, each project included a sidewalk special assessment to fill in missing parts of the sidewalk network.

A continued lack of major road funding has severely limited major road improvements. For 2012-13, a minimum amount of \$250,000 is programmed for sectional concrete repairs on Whitcomb and \$200,000 for Industrial from 14 Mile to East Avis.

- Concrete/Joint Repairs - Sectional

Budgetary constraints limit the City's ability to completely repair designated commercial and industrial roads with asphalt overlays. Starting in FY 2012-13, a limited sectional repair program is planned to fund safety repairs on the City's commercial and industrial roads (\$50,000 per year).

- Asphalt Crack Seal Program

Since the City's commercial and industrial program utilizes asphalt overlays for Progress Drive, Heights Drive, Stephenson Highway northbound from 12 Mile to 14 Mile, Stephenson Highway southbound 14 Mile to Girard, Edward, Mandoline, North Avis, East Avis and Campbell Road 13 Mile to 14 Mile, these road surfaces must be maintained with a routine crack seal program. The 2010-11 program included \$50,000 for a comprehensive crack sealing of all City asphalt overlays.

As presented in Table VI, 16 priority industrial/commercial road improvement projects have been identified.

G. Street Maintenance and Solid Waste Vehicle Replacements

Various Street Maintenance and Solid Waste vehicles are programmed for purchase to correspond with the Five Year Equipment Replacement Plan. Also, as detailed in the Public Safety Chapter, Street Maintenance vehicles totaling \$1.4 million will be funded through the "V-2" millage program.

COMMERCIAL & INDUSTRIAL ROAD PROJECTS BY PRIORITY

— COMPLETED PROJECTS

NOTE: PLANNED PROJECTS ARE SHOWN
IN VARIOUS OTHER LINE COLORS



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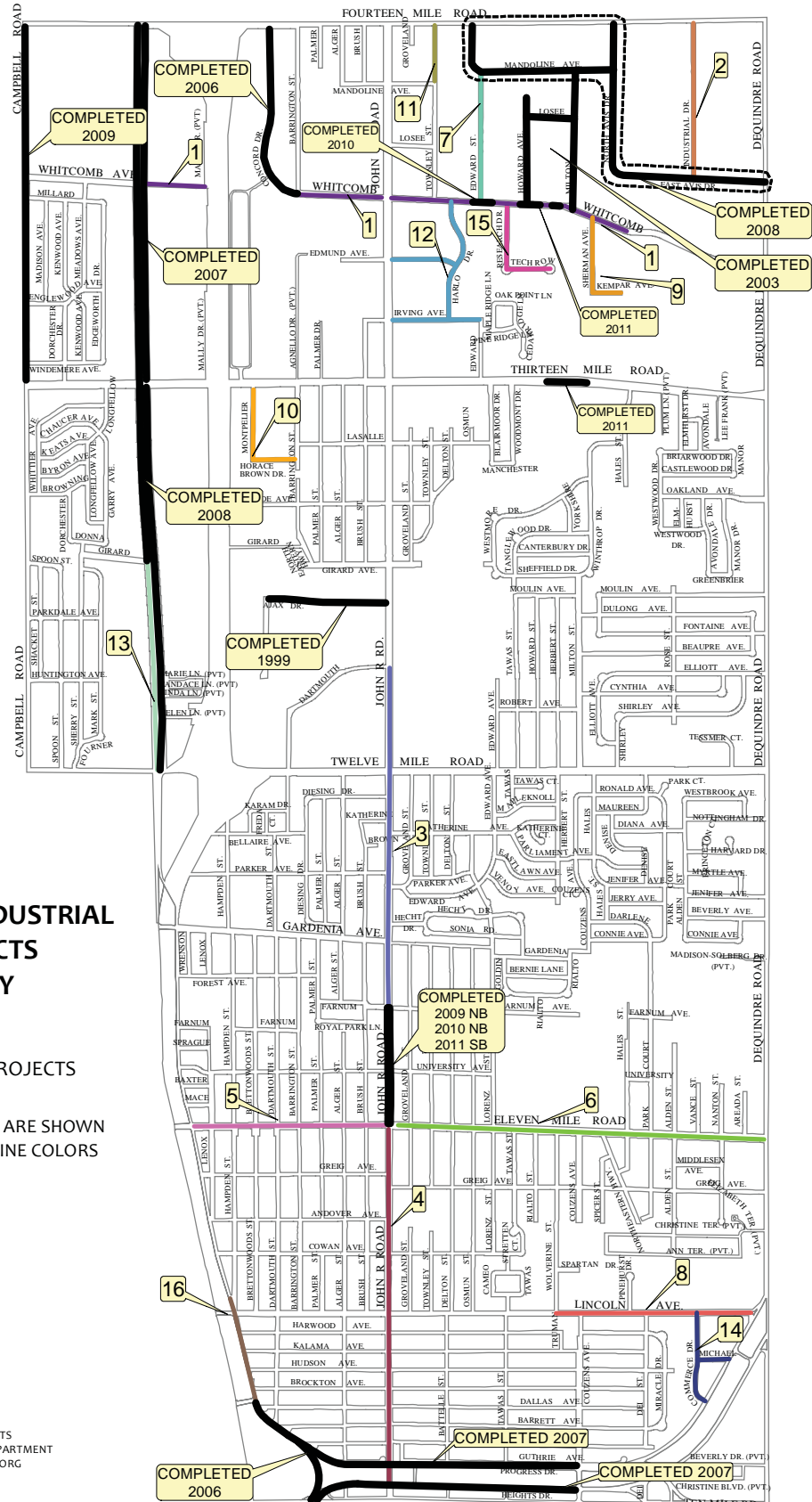


TABLE VI
FY 2013-17 FIVE YEAR CAPITAL IMPROVEMENT PLAN
PRIORITY COMMERCIAL AND INDUSTRIAL ROAD PROJECTS
(BASED ON CURRENT COSTS)

<u>Completed</u>	<u>Project Location/Limits</u>	<u>Length (Feet)</u>	<u>Estimated Cost</u>
1999	Ajax Drive - DPS Building to John R	1,700	\$ 620,000
2003	Losee Avenue - Howard to Milton (660 feet)		
	Milton Avenue - Mandoline to Whitcomb (1,950 feet)		
	Howard Avenue - North of Whitcomb (1,475 feet)	4,085	1,105,000
2006	I-696 WB Service Drive (Progress Drive to Stephenson Highway - Dallas to John R including I-696 NB Underpass	3,500	250,000
2006	Concord Drive - Fourteen Mile to Barrington	2,700	1,174,000
2007	Stephenson Highway - NB Thirteen Mile to Fourteen Mile	5,149	353,000
2007	I-696 EB Service Drive (Heights Drive) - John R to Couzens	2,636	205,000
2007	I-696 WB Service Drive (Progress Drive) - John R to Couzens	2,668	205,000
2008	Stephenson Highway - NB Twelve Mile to Thirteen Mile	5,531	431,000
2008	Stephenson Highway - SB Fourteen Mile to Girard	7,281	781,000
2008	North Avis Drive - Fourteen Mile to East Avis (includes sidewalk SAD \$107,000)	2,256	464,360
2008	East Avis Drive - North Avis to Dequindre (includes sidewalk SAD \$86,000)	2,150	344,000
2008	Edward Street - Fourteen Mile to Mandoline (includes sidewalk SAD \$29,000)	722	115,640
2008	Mandoline Avenue - Edward to North Avis (includes sidewalk SAD \$66,000)	1,900	294,000
2009	Campbell - Thirteen to Fourteen Mile	5,280	1,200,000
2009	John R NB - 11 Mile to Gardenia	2,640	155,000*
2010	John R NB - 11 Mile to Gardenia	2,640	158,000*
2010	Whitcomb at Edward (sectional)	repair	50,000*
2011	John R SB - 11 Mile to Gardenia	2,640	150,000*
2011	Whitcomb EB (sectional)	repair	50,000*
2011	13 Mile EB (sectional)	repair	16,000*
Work Completed		55,478	\$8,121,000
<u>Planned</u>			
1.	Whitcomb Avenue Sectional - John R to end of Islands (east of Sherman)	5,658	\$ 1,116,000*
2.	Industrial Drive - Fourteen Mile to East Avis	2,256	783,000*
3.	John R - Dartmouth to Gardenia	2,640	1,130,000*
4.	John R - 10 Mile to 11 Mile	5,280	1,169,000*
5.	11 Mile - John R to I-75	2,970	764,000*
6.	11 Mile - John R to Dequindre	5,280	1,308,000*
7.	Edward Street - Mandoline to Whitcomb	1,866	313,500
8.	East Lincoln Avenue - Wolverine to Dequindre	2,675	450,000
9.	Sherman/Kempar	1,470	286,000*
10.	Montpelier/Horace Brown Drive - Thirteen Mile to East End	1,750	294,000
11.	Townley - Fourteen Mile to Mandoline	2,492	419,000
12.	Edmund - John R to Harlo, Harlo - entire length, and Irving east of John R	3,956	665,000
13.	Stephenson Highway - SB Girard to Twelve Mile Road	3,393	570,000
14.	Commerce/Michael	1,750	340,000
15.	Research Dr./Tech Row	1,770	344,000
16.	NB I-75 Service Dr. - Dallas to Hampden	1,518	335,000
Work Planned		46,724	\$10,286,500

*Sectional Concrete Repairs

TABLE VII
FY 2013-17 FIVE YEAR CAPITAL IMPROVEMENT PLAN
COLLECTION & DISTRIBUTION SYSTEMS
(IN THOUSANDS)

APPROPRIATIONS:

COLLECTION & DISTRIBUTION SYSTEMS	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	TOTAL APPROP.
WATERMAINS/METERS								
Fixed Network Water Meter Reading System	\$ 1,221	\$ 274	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Hampden - 11 Mile to Andover	0	0	245	0	0	0	0	245
Palmer - North Dead End to 11 Mile	0	0	229	0	0	0	0	229
Brush - 11 Mile to Royal Park Lane	0	0	0	342	0	0	0	342
Barrington -11 Mile to Andover	0	0	0	256	0	0	0	256
Harwood - John R to Progress	0	0	0	0	378	0	0	378
Fourteen Mile - Palmer to John R	0	0	0	0	180	0	0	180
Longfellow - Garry to Brown	0	0	0	0	0	153	0	153
Dartmouth - 11 Mile to Andover	0	0	0	0	0	256	0	256
Garry-Longfellow to Sherry	0	0	0	0	0	0	346	346
SEWER PROJECTS								
Kuhn Drain Sewer Separation and Re-Route	350	0	0	0	0	0	0	0
Sewer Rehabilitation/Replacement	0	0	0	50	50	50	0	150
REPLACEMENTS								
1997 One Ton Dump Truck #462	0	60	0	0	0	0	0	0
2004 Sterling Vactor #465-Reconditioning	0	0	30	0	0	0	0	30
1998 Ford Vactor #468	0	0	0	380	0	0	0	380
2000 GMC W 4500 Van #458	0	0	0	60	0	0	0	60
2001 Tandem Axle Dump #464	0	0	0	225	0	0	0	225
FACILITIES								
DPS Roof Section Repairs	0	56	5	0	0	0	0	5
DPS Water & Sewer Roof Replacement	0	0	225	0	0	0	0	225
DPS Salt Dome Containment System Rehab	0	0	0	80	0	0	0	80
DPS Garage Air Curtain	0	0	0	0	30	0	0	30
TOTALS	\$ 1,571	\$ 390	\$ 734	\$ 1,393	\$ 638	\$ 459	\$ 346	\$ 3,570

REVENUES:

COLLECTION & DISTRIBUTION SYSTEMS	GENERAL FUND	LOCAL/ MAJOR STREETS	C.D.B.G.	SPECIAL ASSESS.	ROAD IMPROV. ACCOUNT	WATER & SEWER	OTHER REVENUES	TOTAL REVENUES
WATERMAINS/METERS								
Hampden - 11 Mile to Andover	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 245	\$ 0	\$ 245
Palmer-North Dead End to 11 Mile	0	0	0	0	0	229	0	229
Brush - 11 Mile to Royal Park Lane	0	0	0	0	0	342	0	342
Barrington - 11 Mile to Andover	0	0	0	0	0	256	0	256
Harwood - John R to Progress	0	0	0	0	0	378	0	378
Fourteen Mile - Palmer to John R	0	0	0	0	0	180	0	180
Longfellow - Garry to Brown	0	0	0	0	0	153	0	153
Dartmouth - 11 Mile to Andover	0	0	0	0	0	256	0	256
Garry-Longfellow to Sherry	0	0	0	0	0	346	0	346
SEWER PROJECTS								
Sewer Rehabilitation/Replacement	0	0	0	0	0	150	0	150
REPLACEMENTS								
2004 Sterling Vactor #465-Reconditioning	0	0	0	0	0	30	0	30
1998 Ford Vactor #468	0	0	0	0	0	380	0	380
2000 GMC W 4500 Van #458	0	0	0	0	0	60	0	60
2001 Tandem Axle Dump #464	0	0	0	0	0	225	0	225
REPAIRS								
DPS Roof Section Repairs	0	0	0	0	0	5	0	5
DPS Water & Sewer Roof Replacement	0	0	0	0	0	225	0	225
DPS Salt Dome Containment System Rehab	0	0	0	0	0	80	0	80
DPS Garage Air Curtain	0	0	0	0	0	30	0	30
TOTALS	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,570	\$ 0	\$ 3,570

COLLECTION & DISTRIBUTION SYSTEMS

Local Water Improvements

- Watermain Replacement Program

As part of the 2001-02 Goal Plan, the City Council approved the following goal:

Develop plans, schedule funding and implement a multi-year systematic watermain replacement program aimed at reducing maintenance costs and water loss due to main breaks.

In the area of watermain replacement, the Department of Public Service (DPS) annually reviews and identifies those areas needing extensive watermain replacement and those requiring additional watermains to improve both water volume and pressure to customers. As a general strategy, the City is replacing six-inch cast iron watermains installed starting in the early 1940's with new eight-inch plastic pipe. Through the extension of existing watermain lines, the City loops existing service areas by connecting parallel lines, improving supply and distribution in various neighborhoods. By implementing the watermain replacement program, our future operating budget for expensive emergency repairs will be reduced by decreasing the occurrence of watermain breaks.

As recommended by the Utilities Supervisor, Deputy City Manager, Community Development Director and City Engineer starting in 1997, the watermains in the Proposal "R-1" Neighborhood Road Improvement Program - Year Two were replaced with plastic pipe in order to avoid the future possibility of having to tear up newer roadway to repair broken mains. Beginning in FY 2010-11, City Council amended this program to fund replacement of "crossover" mains or those areas where the watermain typically runs under the roadway (e.g. intersections). Due to reduced cost and the success of the program, the City now uses plastic pipe for all watermain projects.

As presented in Table VIII, fourteen future high-priority watermain projects have been identified.

- Equipment Replacement

Concerning rolling equipment and tools, the DPS is also projecting a need to replace a sewer vactor, a water service van, a tandem axle dump truck and related equipment in FY 2013-14.

- Facilities Needs

The Water and Sewer Fund owns and is responsible for the operation of the 18.6 acre Department of Public Services site and the 54,000 square foot building located at 801 Ajax Drive.

In September 2011, the Garland Company completed a roof analysis project which recommended projects for the 43rd District Court building (\$136,000), the Police Station (\$22,500) and the Department of Public Services facility (\$286,000). Based on these recommendations, the City broke down the recommendation into a two-year plan. The areas most in need of work (replacement of the original section of the Court roof and DPS motor pool roof, emergency repairs to the DPS water/sewer garage roof, and preventative maintenance repairs to the DPS Main Garage/Administration and Police Department roofs) were slated for year one (fall 2011) while the remainder of the DPS roof and Police roof work maintenance would be addressed in FY 2012-13.

COLLECTION & DISTRIBUTION SYSTEMS BY PRIORITY



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COMMUNITY DEVELOPMENT DEPARTMENT

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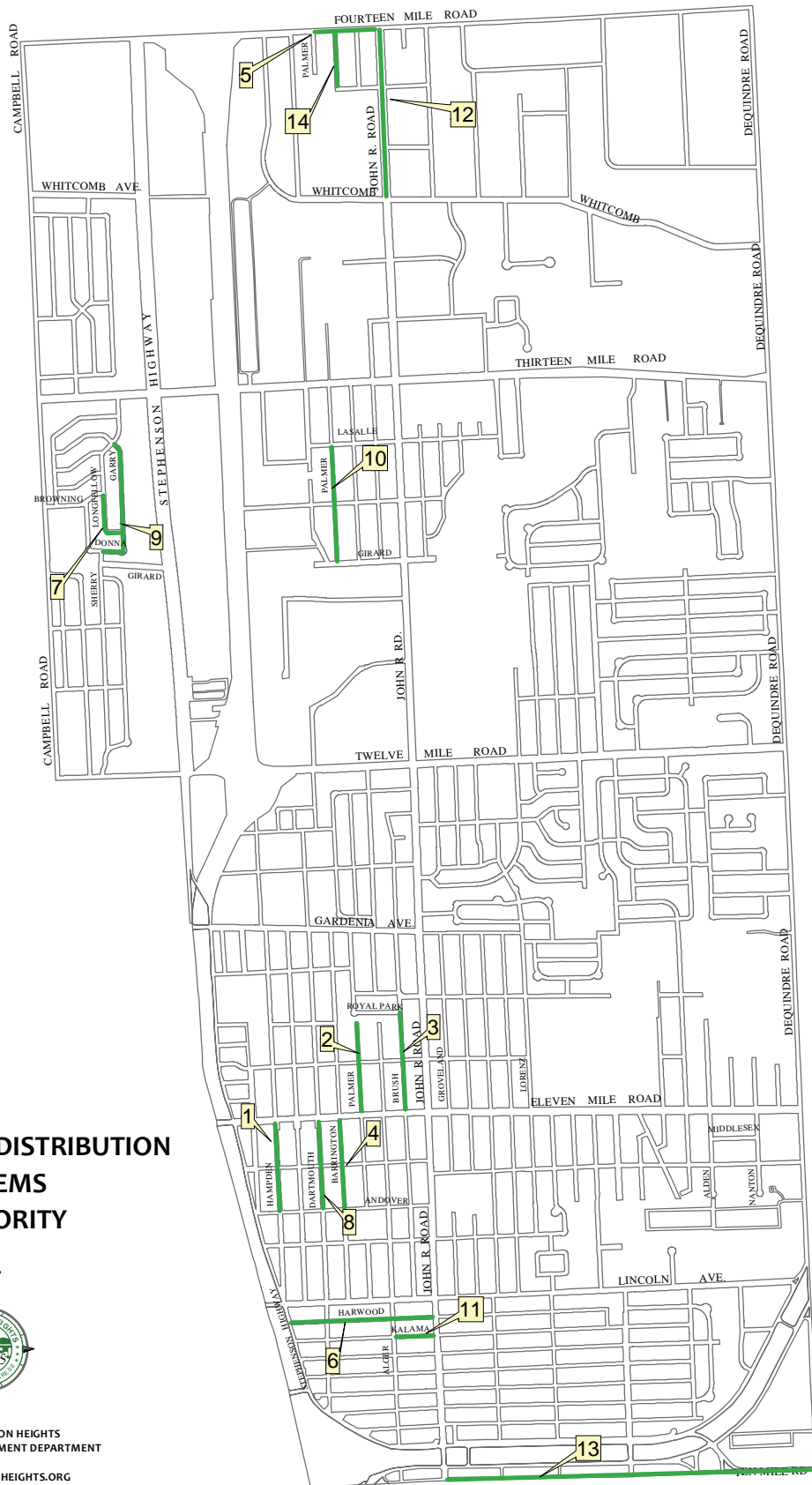


TABLE VIII

FY 2013-17 FIVE YEAR CAPITAL IMPROVEMENT PLAN
PRIORITY WATERMAIN PROJECTS
(BASED ON CURRENT COSTS)

<u>Location Number</u>	<u>Projected Fiscal Year</u>	<u>Watermain Location</u>	<u>Length (Feet)</u>	<u>Estimated Cost (in 2012)</u>
1.	2012-13	Hampden - Eleven Mile to Andover	1,360	\$ 245,000
2.	2012-13	Palmer - North Dead End to Eleven Mile	1,270	229,000
3.	2013-14	Brush - Eleven Mile to Royal Park Lane	1,900	342,000
4.	2013-14	Barrington - Eleven Mile to Andover	1,420	256,000
5.	2014-15	Fourteen Mile - John R to Palmer	1,000	180,000
6.	2014-15	Harwood - John R to Progress	2,100	378,000
7.	2015-16	Longfellow - Garry to Browning	850	153,000
8.	2015-16	Dartmouth - Eleven Mile to Andover	1,420	256,000
9.	2016-17	Garry - Longfellow to Sherry	1,920	346,000
10.	2017-18	Palmer - LaSalle to Girard	1,750	315,000
11.	2018-19	Kalama - John R to Alger	550	99,000
12.	2018-19	John R - Whitcomb to Fourteen Mile	2,450	441,000
13.	2019-20	Ten Mile - Dequindre to John R	2,900	522,000
14.	2019-20	Alger - Mandoline to Fourteen Mile	800	144,000
Totals			21,690	\$ 3,906,000

These costs assume \$110 per linear foot for watermain installation including pipe, hydrants, valves, taps, hauling, sand, contractual labor cost, City labor costs, and other costs related to the project.

Also, costs assume \$40 linear foot for landscape, sidewalk and drive approach restoration relating to the watermain installation.

In addition, 20% has been added for preliminary engineering, construction inspection and contingency.

During the process of analyzing the roof projects, the City unexpectedly was able to secure grant money through the Michigan Public Service Commission and Southeast Michigan Regional Energy Office to fund the repairs to the DPS motor pool roof, and this project was awarded to T.F. Beck Company on an emergency purchase basis to comply with the extremely strict grant application deadline. The second year roof plan (FY 2012-13) includes an additional \$15,000 for the Police Station, \$5,000 for the DPS main roof and \$225,000 to replace the DPS Water Services Area roof.

Other DPS facility-related projects includes \$80,000 in FY 2013-14 to rehab the salt storage dome to create a runoff containment system and \$30,000 to install two air curtains for the east and west overhead doors of the DPS Main Garage. The salt dome was built in the fall of 1979 at a cost of \$92,000. The air curtains will minimize the escape of heated air during the cold months when the garage doors are raised, in an effort to lower gas consumption and maximize energy savings.

- Neighborhood Road Plan

The Neighborhood Projects Chapter outlines the watermain and sewer line replacement projects scheduled as part of the ten year plan.

On February 8, 2010, the City Council decided to suspend all scheduled watermain replacements for the next two construction cycles, based on their decision to minimize increases in water and sewer rates.

Staff will continue to analyze the cost benefit of replacing watermain to lower long-term watermain break-related overtime, contractor and construction costs.

- Fixed Network Water Meter Reading System

In 2010, the Deputy City Manager and his staff were researching and evaluating options to bring down the cost of operating our water and sewer operations. At that time, the Water and Sewer Division of the Department of Public Services consisted of one water and sewer coordinator, four water operations positions (two water maintenance workers and two water repair workers) and three sewer operations employees (equipment operators).

In an attempt to look forward, staff identified a fixed network water meter reading system as the latest state-of-the-art technology. Under this system, each water meter reading device (i.e. meter and registration head) was equipped with a transmitter, which transmits information on a daily basis to a set of 9 data collectors/antennas that were installed throughout Madison Heights and linked to a central computer system. This system allows daily water meter reads and has eliminated the need for the door-to-door monthly reading of the commercial accounts and quarterly reading of all residential accounts. System installation cost was \$1.4 million. The adoption of the new fixed read water meter system has greatly improved efficiency and allowed the City to reduce our staffing and long-term costs of this operation. Some key benefits of this system:

- Improves Customer Service capabilities - address customer complaints with detailed consumption data
- Performs detailed usage analysis (i.e., usage/consumption profiling)
- Provides the tools to reduce non-revenue water
- Provides information to optimize distribution network - leak detection

- Collects data features available to facilitate leak, tamper and reverse flow detection at the end customer
- Reduces meter reading costs
- Improves cash flow by reducing read-to-bill cycle

Local Sewer Improvements

Many of our sewer lines in the City are over 40 years old and many will need repairs, lining or replacing in the future.

Funding for local sewer rehabilitation is programmed for line replacement, and chemically treating roots that infiltrate our sanitary sewers. Creation of a long-range sanitary sewer rehabilitation and replacement program and the annual allocation of up to \$50,000 per year starts in FY 2013-14.

Regional Sewer System

Brief History

The Southeastern Oakland County Sewage Disposal Authority (also referred to as the Twelve Towns Drain District) was established in 1942 to address flooding problems in this region. The Twelve Towns Drain District includes the cities of Berkley, Birmingham, Clawson, Ferndale, Hazel Park, Huntington Woods, Madison Heights, Oak Park, Pleasant Ridge, Royal Oak, Southfield, Troy, Royal Oak Township and the Village of Beverly Hills.

In 1972, the Twelve Towns Drain District completed construction of a Retention Treatment Facility (RTF), a 20 foot high by 65 foot wide structure in the bed of the former Red Run Drain. This RTF runs 2.2 miles from Twelve Mile and Stephenson Highway in a northeastern direction to Dequindre Road south of Whitcomb where it empties into the Red Run Drain.

During rain events, the RTF receives a combination of storm and sanitary flows from the 14 communities that make up the District. The RTF captures this storm water and sanitary sewage and drains gradually into the Dequindre Sewer Interceptor where flows travel south to the Detroit Water and Sewage Board Treatment Plant. In heavy storms, after retaining 35 million gallons of combined sewage, the basin overflows into the Red Run Drain, in Warren, after receiving primary treatment including skimming and chlorination.

As part of an Agreement with the Michigan Department of Environmental Quality (MDEQ), the Twelve Towns Communities were required to plan and construct \$144 million (original estimate) in improvements to the RTF aimed at reducing the volume and the frequency of the overflows, and providing adequate treatment of these overflows when they do occur.

Twelve Towns Contested Case Settlement

On October 22, 1998, the Director of MDEQ issued the new National Pollutant Discharge Elimination System (NPDES) Operating Permit that allows the South Oakland County Sewerage Disposal System (SOCSDS) to discharge Combined Sewer Overflow (CSO) into the Red Run Drain until October 1, 2003. This Permit has been renewed several times since then.

In June 2005, the communities agreed to the change and renaming the permit to “George W. Kuhn Drainage Board on behalf of the George W. Kuhn Drainage District”.

- Permit Key Features

The NPDES Permit includes the following key features:

1. Limits and reporting standards for the treated combined sewer overflow to the Red Run Drain including procedures for monitoring this overflow;
2. In-stream testing for escherichia coli (e-coli) per State statute;
3. Requirements for the development of new procedures and assessment of the operation of the RTF;
4. Discharge notification requirements;
5. The Combined Sewer Overflow control program including:
 - a. North Arm Relief project with 4.8 million-gallon increase in storage;
 - b. RTF storage capacity increase of 30 million gallons to a total of 64 million gallons;
 - c. Construction of a new inlet weir and related headworks including improved treatment features;
 - d. Elimination of the Madison Heights separated storm sewer inputs from the RTF by the construction of two new parallel storm sewers;
 - e. Elimination of the two Madison Heights combined sewer overflow interceptors to the RTF by rerouting of them upstream of the new inlet weir structure;
 - f. Elimination of the Hazel Park sanitary sewer discharge to the RTF by the construction of a new Ten Mile Road interceptor;
 - g. Construction of a new de-watering pump station to facilitate the removal of flows in the early stages of a storm event by increasing discharge to the Twelve Mile Road interceptor;
 - h. Downspout Disconnection Program; and
 - i. Storm Water Input Restriction Program.
6. A December 31, 2005 deadline for the construction (started in October 2000) of the proposed improvements;
7. Commitment by the MDEQ that the proposed CSO improvements would constitute “adequate treatment” capable of meeting water quality standards which means no additional improvements of the system will be required unless a problem is uncovered and can be traced solely to the RTF or unless evidence is found as a result of the Total Maximum Daily Load (TMDL) review of the Red Run Drain and the Lower Clinton River Watershed; and
8. A provision that would allow this permit to be reopened by the MDEQ or the Twelve Towns communities based on technical and/or financial problems that may arise in the future.

- George W. Kuhn Drain

In March 1999, the Drain Board accepted petitions from the Twelve Towns Communities and established a new drain district for this construction project named the George W. Kuhn Drain District (GWKDD). The three major components of this construction project include Contract #1,

construction of the 10-foot parallel storm sewers north and south of the existing RTF including the disconnect of the existing Madison Heights storm sewers and rerouting of two combined sewer interceptor; Contract #2, construction of a new Ten Mile Road interceptor in Hazel Park; and Contract #4, construction of a new inlet weir just east of Interstate Freeway 75 (I-75) and south of the City's Department of Public Service Building. The project was constructed on property owned by the GWKDD and the City. The GWKDD held a permanent easement over the City property. Contracts #1 and #2 were initiated in the fall of 2000 and were completed in 2002.

The GWKDD approved Contract #4 on August 14, 2001 at a cost of \$79.5 million or \$6.1 million under engineering estimates. Contract #4 includes the following additions:

1. Lowering and extending the existing inlet weir to eliminate the RTF bypass gates west of I-75.
2. Adding 30 million gallons of storage.
3. A new 2,000 foot intermediate weir to the existing RTF.
4. A new 100 cubic foot per second dewatering pump station and inlet to the combined sewer interceptor connection.
5. New disinfecting system utilizing diffusers and high-energy mixers.
6. Sodium hydrochloride feed and storage.
7. Self-cleaning fine screens with sluice conveyance to the outlet sewer.
8. Automatic full-coverage nozzle flushing system to convey screened solids to the proposed dewatering pumping station.
9. Extending a rerouted combined sewer outlet line to the proposed dewatering pump station and storage facility.
10. Electrical and instrumentation rehabilitation of the existing dewatering pump station.
11. A chemical odor control system.

Operations and Maintenance Agreement

In February 2005, the City had a major breakthrough in efforts to secure a favorable modification to the Operation and Maintenance (O & M) Apportionment for the GWK Drain. The settlement is providing the City \$3.4 million over the next five years in reduced charges and cash and an additional \$449,000 in savings annually from that point forward. The City Manager headed up the effort to have the GWK Drain Board revise the existing O & M Apportionments to reflect the implementation of the new parallel storm sewers and the rerouting of the City's storm water directly to the Red Run Drain. Key provisions of the agreement include:

1. A new O & M Apportionment adopted by the Drain District Board, which will save the City \$449,000 per year effective July 1, 2005.
2. The Drain District will credit the communities as a whole \$1 million a year for the next five years and the credits will be spread in relationship to the current apportionments (calculating the credits based on the old apportionment which benefits Madison

- Heights since the old rate will be dropped from 10.286% to 6.5409% with the adoption of the new apportionment). In addition, the Water Resources Commissioner reserves the right to charge the communities up to \$500,000 per year for five years based on the new O & M Apportionments to fund a capital replacement and repair reserve. Water Resources Commissioner McCulloch indicated that it may not be necessary to impose this new charge if he determines the \$18 million reserve is adequate. The net impact of the new credit and the new charge will result in a net credit on Madison Heights' bill of an additional \$70,000 over five years or \$350,000.
3. The Drain District by agreement would agree to pay Madison Heights \$850,000 to maintain the new green open space being created west from John R to the new screen building. The new facility consolidates many of the Madison Heights' soccer fields in one complex at this location including 9 soccer fields, a 230 space parking lot, a support building (including concessions, restrooms, storage and a small meeting room/office), a playground and a picnic shelter. The Drain District has agreed to fund all improvements except the playground (funded by Oakland County Parks and Recreation).
 4. The City would be responsible for any future treatment of storm water that it contributes to the new parallel storm sewers to the extent of what is currently required under federal and state law. Madison Heights would also be apportioned 94.5% of the estimated \$20,000 annual cost for the O & M Apportionment for the parallel storm sewers.

In regard to the O & M Apportionment restriction (\$449,000 per year) and the net credit (\$70,000 per year), these monies will benefit the Water and Sewer Fund. Some portion of the funds from the Soccer Field Agreement (\$850,000) will need to be used to maintain the new park over the term of the Agreement. As you add up the numbers, this is the largest financial settlement in the City's history and even though the funds generated will have some restrictions, the benefits to Madison Heights are considerable.

George W. Kuhn (GWK) Improvement Project

Listed below is the status report of each of the major project elements undertaken in the last five years.

- Contract No. 4 - RTF Improvements

The project was bid July 17, 2001 and awarded to Walbridge Aldinger. The project consisted of RTF Improvements including construction of a 30.7 million gallon concrete basin expansion, a 9,140 square foot Treatment Facility, modifications to existing concrete control structures, and various electrical and mechanical systems control modifications.

The project was substantially complete on December 31, 2005. Following substantial completion, issues arose over continued failures in the disinfection system. A settlement was recently negotiated among contractor, subcontractor and design engineer. The contract final payment was approved by the Drainage Board in February 2009 in the amount of \$83.9 million.

- Contract No. 5 - Regulator Reconstruction and Improvements

The project was bid in July of 2005 and awarded to Weiss Construction Company. The goal of this project was to remove and/or abandon several combined sewage flow regulators that had deteriorated beyond repair and were no longer functioning, and replace them with new stainless steel regulators and slide gates, as well as new level sensors and programmable logic controllers to monitor and control sewage flows.

The project was substantially complete on December 29, 2006 and final payment was made to Weiss on November 18, 2008. After all adjustments and change order, the final contract amount is \$1.2 million. The newly installed regulators and level sensors will be monitored and adjusted on a continual basis in order to optimize their effectiveness in controlling flood risks.

- Contract No. 6A - Structural Repairs and Access Gate Replacement

The project was bid in July of 2007 and awarded to Western Waterproofing. The GWK retention treatment basin was constructed in the early 1970's and was beginning to show signs of deterioration. The goal of this project was to restore the concrete inside of the GWK retention and treatment basin including resealing all of the construction and expansion joints and the replacement of the vehicle access roller gate at Dequindre Road.

The dates of substantial completion for the Structural Concrete Repairs and the Access Roller Gate were July 31, 2008 and September 30, 2008 respectively. The final contract amount is \$1.4 million.

- Contract No. 6B - Flushing System Rehabilitation

The project was bid in July of 2008 and awarded to Six-S for the amount of \$6.4 million. The contract consists of the construction of approximately 11,000 feet of 20 inch diameter ductile iron pipe, 3,000 flushing nozzle piping connections and Screening Building Water Services modifications at the Retention Treatment Facility. The date of substantial completion for the Flushing System Rehabilitation was October 15, 2009.

- Contract No. 7 - Confined Space Entry Training Facility

The project was bid in August of 2006 and awarded to Sorensen Gross Construction. This project consists of the construction of a confined space entry training facility, the grading and construction of nine youth soccer fields including the infrastructure and the construction of a building and pavilion to serve as a training/conference facility. The project was substantially complete on October 24, 2008. The final contract amount was \$1.9 million.

- Contract No. 8 - Chlorine System Rehabilitation Contract

The project was bid on February 26, 2008 and awarded to Process Piping and Equipment. The project consists of the replacement of approximately 66 inch valves and miscellaneous appurtenances in the disinfection system that were constructed in the Retention Treatment Facility by Walbridge Aldinger in Contract 4. The project was substantially completed on January 1, 2009. The final contract amount was \$508,000.

- U.S. Army Corps of Engineers Projects
 - Project #1. Red Run Drain Improvements and Cross Connection Repair
 This project consists of repairing the drain outfalls and selected slope stabilization along the banks of the Red Run Inter-county Drain, as well as the removal of a 48 inch storm and 60 inch combined sewer cross connection located within the GWK drainage system beneath John R Road near 12 Mile.
 The project was awarded to Site Development on September 21, 2010 for an amount of \$2.2 million and completed in summer 2011.
 - Project #2. Southfield No. 2 Drain CIPP Rehab and 66 inch SOCSDS Cleaning
 This project consists of cleaning the Southeast Oakland County Sewage Disposal System 66 inch interceptor in order to increase the maximum flows to the DWSD system, as well as rehabilitate the 90 year old combined drains located in the Southfield No. 2 drainage system. This project was awarded to Blaze Contracting on October 15, 2010 for an amount of \$1.3 million and completed in 2011.

GWK Maintenance Fund

- The George W. Kuhn Drain Project Segments 1 - 4 and Contract 8 - Establish Maintenance Fund and Transfer Construction Surplus

On June 15, 2010, the GWK Drain Board, pursuant to Chapter 20, Act 40 of the Public Acts of 1956, determined the George W. Kuhn Drain Project was complete with net construction surplus of \$10.8 million. The Water Resources Commission's staff requested that \$7.0 million of the surplus reserve funds of the George W. Kuhn Drain Project be transferred to cover construction costs for other George W. Kuhn Drain Projects as listed below:

<u>Project Name</u>	<u>Amount</u>
• GWK Segment 4	\$ 386,000
• GWK Contract 8	167,000
• GWK Contract 6A	218,000
• GWK Contract 6B with Golf Access	476,000
• GWK Contract 7 with Soccer Facility	2,800,000
• SOCSDS Heavy Cleaning (ACOE Project)	147,000
<u>Future Projects</u>	
• Southfield No. 2 Drain Rehabilitation (ACOE Project)	259,000
• Red Run E-Coli Reduction within GWKDD (ACOE Project)	307,000
• GWK RTB Entrance Weir Baffle Wall	500,000
• Remove/Replace Roof - Dequindre Booster Station	50,000
• Install additional GWK Regulator - early flow to SOCSDS	500,000
• Replace Generator - Stephenson Control Building	100,000
• Remove/Replace Driveway - Stephenson Control Building	25,000
• Install Rollup Doors and Interior Repairs - Stephenson Garage	150,000
• Southfield No. 6 Drain Rehabilitation Project	963,000
Total	\$7,048,000

Further, the Board determined there is a need to have funds in a maintenance fund for the inspection, repair and maintenance of the drain; and the amount needed is \$1.2 million. Finally, the Board determined, having provided sufficient funds to maintain the drain and to cover other drain projects, the remaining surplus of \$3.1, plus any additional interest earnings, be credited to the contributors (municipalities and State). Madison Heights' share of this credit will be \$115,700.

Illicit Sewer Connection at 12 Mile and John R Road

As part of storm drain monitoring done in June/July 2009, the Oakland County Water Resources Commissioner's (OCWRC) office found a cross connection of a 48-inch storm drain and a 60-inch combined sewer in the vicinity of the 12 Mile and John R intersection. The illicit connection impacted the South GWK storm drain which ultimately discharges to the Red Run Drain and Clinton River. Correction of the illicit discharge was required pursuant to the Federal NPDES Phase II Storm Water Permit.

Following further investigation and the completion of a consultant's report in October 2009, the OCWRC was able to successfully include this sewer separation as part of a US Army Corps of Engineers \$2.2 million project which also included repairs to the Red Run Drain in Macomb County. In addition to eliminating the illicit cross connection, the contractor also constructed 415 feet of new line ranging from 48 to 60 inches in diameter. This project, which was funded by the Federal American Recovery and Reinvestment Act, did not require a City contribution. Work was completed in early 2011.

TABLE IX
FY 2013-17 FIVE YEAR CAPITAL IMPROVEMENT PLAN
PUBLIC SAFETY
(IN THOUSANDS)

APPROPRIATIONS:

PUBLIC SAFETY	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	TOTAL APPROP.
POLICE								
Patrol Car Video System Upgrade	\$105	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2002 Animal Control Van #119	0	25	0	0	0	0	0	0
Replace Police Station Roof	0	8	15	0	0	0	0	15
FIRE								
Rescue Patient Transfer Equipment	33	0	0	0	0	0	0	0
2002 Ambulance Rescue #710	221	0	0	0	0	0	0	0
Self Contained Breathing Aparatus and 60 Bottles	0	180	0	0	0	0	0	0
City Bldgs. Fire Detection & Suppression Systems	0	0	146	115	75	0	0	336
2002 Chevy Pickup 3500 #704	0	0	0	35	0	0	0	35
2002 Ambulance Rescue #713	0	0	0	267	0	0	0	267
Emergency Operations Center Improvements	0	0	0	0	0	60	0	60
DISTRICT COURT								
Replace North Section of Roof	0	136	0	0	0	0	0	0
TOTALS	\$ 359	\$ 349	\$ 161	\$ 417	\$ 75	\$ 60	\$ 0	\$ 713

REVENUES:

PUBLIC SAFETY	GENERAL FUND	LOCAL/ MAJOR STREETS	OAKLAND COUNTY GRANTS	SPECIAL ASSESS	ALS/ VEHICLE MILLAGE	WATER & SEWER	DRUG FORFEITURE	OTHER	TOTAL REVENUES
POLICE									
Replace Police Station Roof	\$15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$15
FIRE									
City Bldgs. Fire Detection & Suppression Systems	336	0	0	0	0	0	0	0	336
2002 Chevy Pickup 3500 #704	35	0	0	0	0	0	0	0	35
2002 Ambulance Rescue #713	0	0	0	0	267	0	0	0	267
Emergency Operations Center Improvements	30	0	0	0	0	0	0	30	60
TOTALS	\$ 416	\$ 0	\$ 0	\$ 0	\$ 267	\$ 0	\$ 0	\$ 30	\$ 713

PUBLIC SAFETY

Law Enforcement

- Patrol Car Video System

As part of the 2008-09 Goal Plan, the City Council adopted a proposal to: “Investigate, determine specifications, bid procure and install upgraded in-car police digital recorders aimed at improving quality of recorded images, storage, retrieval and duplications capabilities.”

The former patrol car video system was a VHS tape system that had reached the end of its functional life span. Purchased in 2001, the VHS tape system was prone to mechanical breakdowns forcing supervisors to shuffle cars that had working systems. The new systems work wireless and improve the quality of recorded images and systems for storage, retrieval and copying. A total of 15 patrol vehicles were outfitted with in-car digital recorders at a cost of \$105,000.

The Michigan Municipal Risk Management Authority provided Risk Avoidance Program (RAP) grants. The department was awarded a grant of \$11,000 to reduce the costs for this purchase.

Fire Protection and Emergency Response

- Rescue Patient Transfer Equipment

The Fire Department experienced 172 lost work days to on-the-job injuries in 2008. In addition to the cost for Workers Compensation, the City must backfill positions, when below minimum staffing standard, for fire fighters that are off-duty as a result of work related injuries. Not only does this create a significant annual expense in overtime costs, those fire fighters that are working overtime if not in top physical shape may become more fatigued and injury prone. The average cost of overtime required to cover lost workdays due to work related injuries over the prior three years was \$65,000.

Further complicating our work related injury profile was a Fire Department workforce with an average age of 46 years and 18-1/2 years of service. The possibility of repetitive work injuries due to frequent exertion and failure is possible.

The proposed solution included training, equipment purchases and job conditioning through an occupational therapist when returning to work after an injury. The focus was primarily on Emergency Medical Service functions because this is 76% of the Fire Department workload. Training programs focused on safe patient handling, and body core stabilization through strengthening, flexibility, and stretching.

Equipment purchases would include: two Power Pro Ambulance cots (\$24,000); two Stair Pro Stair Chairs with tread climber (\$5,200); one Mangar CAMEL (\$3,000); one Slide Mat Transfer Assist (\$220); and two Multi-Handled Transfer Belts (\$240). Since all this equipment became part of the rescue, it was funded through the Proposal “V” vehicle millage at a total cost of \$32,660.

- Self-Contained Breathing Apparatus (SCBA)

The Fire Department reports the current SCBA tanks are in their final three years of their 15 year service life. An application has been submitted to the U.S. Department of Homeland Security Federal Emergency Management Agency for an Assistance to Firefighter Grant to replace all SCBA gear including backpacks, regulators, 60 air bottles and face pieces. Of the \$180,000 project cost, the City would provide an \$18,000, or ten percent, match.

- **City Building Fire Detector and Suppression Systems**

After a devastating fire at the Department of Public Services building in the spring of 2003, it became apparent that the City should consider upgrading the fire alarm systems in the City's principal buildings. At that time, all City principal buildings, with the exception of the two fire stations, had fire alarm systems; however, the systems at City Hall, Police Department and District Court were out of service. New systems were installed and upgraded in all City buildings during the summer of 2005.

In addition to a functioning alarm system, it would be wise to consider fire sprinkler systems. A sprinkler system can hold in check or extinguish a fire in its early stages, avoiding a loss as experienced at the Department of Public Services. Currently, the Police Department, the Department of Public Service, Headquarters Fire Station and the Library are the buildings with a fire sprinkler system. The buildings without sprinklers are Fire Station Two, the Senior Citizen Center, City Hall and District Court.

The Capital Improvement Plan includes funding for the necessary watermain extension and sprinkler system for the Senior Citizen Center (\$146,000), City Hall (\$115,000) and District Court (\$75,000).

Police and Fire Operations

- **Emergency Operations Center Improvements**

The Emergency Operations Plan for the City of Madison Heights calls for a communication center/municipal command center located at the Police Department auditorium to coordinate activities during a community crisis. The Mayor, City Manager and various department heads would report to this location to gather information, allocate and coordinate resources, prepare public information releases, communicate with Oakland County Emergency Management personnel and prepare for a "Declaration of a Local State of Emergency."

During a recent emergency preparedness drill, several shortfalls were discovered within this command and communication center, which could seriously impair the ability of the City to manage emergency responders and communication during a community emergency. One goal is to provide computers with internet access available; several telephones and telephone lines; GIS mapping capabilities; radio communication capabilities to police, fire and DPS staff; sufficient power outlets for the necessary computers, printers, etc.; and, cable television to monitor outside events. In addition, the Police Reserve Station located within the DPS building on Ajax Drive is designated as the backup communication/command center, and it too should have similar capabilities. The projected cost of these improvements is \$60,000.

Also, staff will obtain additional training for key personnel in Emergency Management and Incident Command. Many of the classes are available for free from the State of Michigan. As an additional benefit, this facility could also be used for a command and control center for local events such as the Memorial Day Parade, the fireworks and concerts in the park.

District Court

- District Court, Police Station and Department of Public Services Building

In September 2011, the Garland Company completed a roof analysis project which recommended projects for the 43rd District Court building (\$136,000), the Police Station (\$22,500) and the Department of Public Services facility (\$286,000). Based on these recommendations, the City broke down the recommendation into a two-year plan. The areas most in need of work (replacement of the original section of the Court roof and DPS motor pool roof, emergency repairs to the DPS water/sewer garage roof, and preventative maintenance repairs to the DPS Main Garage/Administration and Police Department roofs) were slated for year one (fall 2010) while the remainder of the DPS roof and Police roof work maintenance would be addressed in FY 2012-13.

During the process of analyzing the roof projects, the City unexpectedly was able to secure grant money through the Michigan Public Service Commission and Southeast Michigan Regional Energy Office to fund the repairs to the DPS motor pool roof, and this project was awarded to T.F. Beck Company on an emergency purchase basis to comply with the extremely strict grant application deadline. The second year roof plan (FY 2012-13) includes an additional \$15,000 for the Police Station, \$5,000 for the DPS main roof and \$225,000 to replace the DPS Water Services roof.

Vehicle Replacement Millage

On August 8, 2006, the voters in Madison Heights approved ballot Proposals “R-2” and “V-2”. Proposal “V-2” will provide the City with a one-quarter mill property tax levy for a ten year duration to support the replacement of City vehicles. A list of scheduled vehicle replacements has been outlined in the Table on the following page.

The Finance Department has estimated that Proposal “V-2” will generate \$2.2 million in revenue to support the ten-year program presented in the Capital Improvement Plan. Due to the economic recession causing declining property values, the program’s funding is down \$1.2 million from the original April 2006 estimate. To close the funding gap, the amounts scheduled for new vehicle replacement were reduced. The key elements of this millage program were outlined to the residents as part of the public information campaign through the City newsletter in June 2006.

As part of the original Proposal “V-1” program, the City replaced \$4.1 million worth of costly, outdated and expensive fire rescues, pumpers and ladder trucks and other critical vehicles. The earlier program allowed funding for 119 vehicle replacements over a 10 year period. In light of the stagnating economy and in an effort to provide tax relief, the City Council cut the initial Proposal “V-1” millage in half. The one-quarter mill “V-2” proposal will fund a reduced number (under 30) vehicles, as compared to over 200 scheduled replacements of City vehicles planned over the 10 year period. As part of the millage funded program, the City will replace three ambulances/rescue vehicles and three large plow/dump trucks.

TABLE X
FY 2013-17 FIVE YEAR CAPITAL IMPROVEMENT PLAN
TEN YEAR V-2 VEHICLE MILLAGE PURCHASES
(IN THOUSANDS)

YEAR	VEHICLE	VEHICLE NUMBER	LAST SCHEDULED REPLACE.	REPLACEMENT COST			MILLAGE FUNDS
				POLICE/FIRE	DPS	OTHER	
2007-08	Fire Chief Vehicle	700	2008	\$ 31	\$ 0	0	\$ 31
	3/4 Ton Pick-up	457	2008	0	24	0	24
	Code Enforcement Vehicle	492	2008	0	0	13	13
2008-09	Riding Mower	373	2008	0	10	0	10
	Parks Pick-up W/Plow	484	2009	0	19	0	19
2009-10	Police Patrol Vehicle	105	2010	21	0	0	21
	Police Patrol Vehicle	109	2010	21	0	0	21
	Police Patrol Vehicle	110	2010	21	0	0	21
	Park Riding Mower	325	2010	0	10	0	10
	Senior Van	469	2009	0	22	0	22
	Water and Sewer Pickup Truck	460	2009	0	24	0	24
	Ambulance Rescue Truck	711	2009	200	0	0	200
	Spray Equipment-Dump Truck Brine Tank	--	--	0	4	0	4
2010-11	Rescue Patient Transfer Equipment	--	--	26	0	0	26
	Ambulance Rescue Truck (\$72,000 and \$25,000 prefunded in FY 2008-09 and FY 2009-10)	710	2011	205	0	0	205
	Code Enforcement Pickup Truck	483	2011	0	0	14	14
	Code Enforcement Vehicle	496	2011	0	0	15	15
	Parks Riding Mower	367	2011	0	11	0	11
	Streets Utility Maintenance Vehicle	364	2011	0	6	0	6
	Spray System-Dump Truck Brine Tank	--	--	0	4	0	4
2011-12	Animal Control Van	119	2012	20	0	0	20
	Ambulance Rescue Trucks - Phase I Funding	711	2009	80	0	0	80
	Ambulance Rescue Truck (\$190,000 and \$77,000 prefunded in FY 2010-11 and FY 2011-12)	713	2005	267	0	0	267
	Building Officials Sports Utility Truck	493	1999	0	0	26	26
	Parks Ex-Mark Mower	363	2012	0	11	0	11
2012-13	Police Patrol Vehicle	103	2006	28	0	0	28
	Police Patrol Vehicle	104	2006	28	0	0	28
	Police Patrol Vehicle Changeovers	--	--	14	0	0	14
	Parks Pickup with Plow	485	2000	0	28	0	28
	Parks Pickup	477	1999	0	15	0	15
	Streets Single Axle Dump Truck-Phase I Funding	479	1999	0	162	0	162
2013-14	Platform Truck	429	2003	0	150	0	150
	Tandem Dump Truck	417	2003	0	240	0	240
	Streets Single Axle Dump Truck-Phase II Funding	479	1999	0	18	0	18
	To Be Determined	--	--	0	0	0	0
2014-15	Tandem Dump Truck	418	2003	0	240	0	240
	To Be Determined	--	--	0	0	0	0
2015-16	Stake Truck	415	2003	0	150	0	150
	To Be Determined	--	--	0	0	0	0
2016-17	Tandem Dump Truck	422	2003	0	240	0	240
	To Be Determined	--	--	0	0	0	40
	TOTALS			\$ 962	\$ 1,388	\$ 68	\$ 2,458

TABLE XI
FY 2013-17 FIVE YEAR CAPITAL IMPROVEMENT PLAN
GENERAL GOVERNMENT & ECONOMIC DEVELOPMENT
(IN THOUSANDS)

APPROPRIATIONS:

GENERAL GOVERNMENT & ECONOMIC DEV.	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	TOTAL APPROP.
CIVIC CENTER / CITY WIDE								
City - Wide Federal Energy Projects	\$ 123	\$ 102	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
City Hall On-Site Generator	0	0	0	0	125	0	0	125
City Hall North Entrance Canopy	0	0	0	0	0	0	75	75
INFORMATION TECHNOLOGY								
City Wide Upgrade Microsoft Office	0	0	30	0	0	0	0	30
City Wide 25 Microcomputer Replacements	0	0	16	0	0	0	0	16
City Hall Council Chamber Audio Upgrade	0	0	40	0	0	0	0	40
Wireless Network Access For Field Workers	0	0	0	0	0	20	0	20
City Hall Computer Cabling Upgrade	0	0	0	0	0	0	50	50
ECONOMIC DEVELOPMENT								
John R Improvements	158	26	0	0	0	0	0	0
Oakland County Brownfield Consortium	100	0	0	100	0	0	0	100
TOTALS	\$ 381	\$ 128	\$ 86	\$ 100	\$ 125	\$ 20	\$ 125	\$ 456

REVENUES:

GENERAL GOVERNMENT & ECONOMIC DEV.	GENERAL FUND	LOCAL/ MAJOR STREETS	CDBG	SPECIAL ASSESS.	ROAD IMPROVE ACCOUNT	WATER & SEWER	DOWNTOWN DEVELOP. AUTHORITY	OTHER REVENUES	TOTAL REVENUES
CIVIC CENTER / CITY WIDE									
City Hall On-Site Generator	\$ 125	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 125
City Hall North Entrance Canopy	75	0	0	0	0	0	0	0	75
INFORMATION TECHNOLOGY									
City Wide Upgrade Microsoft Office	23	0	0	0	0	7	0	0	30
City Wide 25 Microcomputer Replacements	16	0	0	0	0	0	0	0	16
City Hall Council Chamber Audio Upgrade	40	0	0	0	0	0	0	0	40
Wireless Network Access For Field Workers	20	0	0	0	0	0	0	0	20
City Hall Computer Cabling Upgrade	50	0	0	0	0	0	0	0	50
ECONOMIC DEVELOPMENT									
Oakland County Brownfield Consortium	0	0	0	0	0	0	0	100	100
TOTALS	\$ 349	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7	\$ 0	\$ 100	\$ 456

GENERAL GOVERNMENT AND ECONOMIC DEVELOPMENT

Projects planned under this chapter are broken down into three categories: Civic Center/City-wide, Information Technology and Economic Development.

Civic Center/Citywide Projects

- Energy Efficiency Community Block Grant

The Michigan Municipal League, Michigan Suburbs Alliance, Southeast Michigan Council of Governments and WARM Training Center have partnered to create the Southeast Michigan Regional Energy Office, which is a collaborative coalition focused on educating, enabling and promoting energy efficiency and conservation among local governments in the region. The Energy Office's service area is the same geographic footprint as the SEMCOG's service area. The primary services offered by the Energy Office include benchmarking, auditing, sustainability planning, evaluating & reporting, advocacy, education & training, marketing, grant researching & writing, technical assistance, joint purchasing, and loans for energy projects.

As stated in their Business Plan, the most important function of the Energy Office is to assist local governments in evaluating their energy use, auditing their facilities and taking action on recommended projects. The Energy Office recognizes the opportunity presented by the \$3.2 billion allocated to the Federal Energy Efficiency and Conservation Block Grant program through stimulus funding in the American Recovery and Reinvestment Act of 2009. Currently, non-entitlement communities such as Madison Heights, which are designated as communities with less than 35,000 in population and counties with less than 200,000 in population, are not eligible to receive funding directly from the federal government, but rather have to compete nationally for up to \$900 million in grants from the states and smaller competitive Department of Energy grants to fund energy efficiency and renewable energy efforts. The Energy Office assists the City with securing funds for energy efficiency and renewable energy projects by ensuring the timely and complete filing of grant applications for energy projects on behalf of the City and providing direct technical assistance to the City in identifying and designing competitive proposals. Thereafter, the Energy Office will ensure that the reporting, accountability and transparency requirements are met for the grant, so that City staff are not overburdened.

As a non-profit corporation operating under the Michigan Suburbs Alliance, the Energy Office is governed by a Board of Directors comprised of representatives of the member governmental units, an Executive Committee of governmental and non-profit representatives, and Technical Advisory Committees made up of professionals and experts from the energy industry. To join the consortium, larger, direct-entitlement communities are required to contribute the lesser of 10% of the block grant allocation or \$250,000. Non-entitlement communities such as Madison Heights are asked to refund the value of any grants secured for them through the Energy Office to support the Office, based on an annual "simple payback" of 80% of the energy cost savings realized that year. After the grant amount is repaid, ongoing energy savings associated during the life of the project would be realized solely by the City. The Energy Office requires only an 80% payback so that the municipality can realize a portion of the savings (20%) immediately.

The grant was approved in January 2010 and included the following projects:

	<u>Project Cost</u>	<u>Grant Amount</u>	<u>Utility Rebates</u>	<u>City Contribution Water & Sewer Fund</u>
Ballfield Replacement Lights	\$ 10,000	\$ 10,000	\$ 0	\$ 0
Computer Room Air Conditioning Unit	19,800	15,000	0	4,800
City Hall Soffit / Fascia Resurfacing	33,990	30,000	0	3,990
Building Lighting*	<u>99,401</u>	<u>68,132</u>	<u>21,533</u>	<u>9,736</u>
	\$163,191	\$123,132	\$21,533	\$18,526

*An additional project, the City Hall west entry door replacement, was eliminated to allow funding of the other projects

The first project, lighting replacements at Rosie's & Huffman Park ballfields, was completed in the spring of 2010 after soliciting and receiving quotes from vendors. The second project, the air conditioning unit for the Information Technology server room, was approved by Council at the Regular Meeting of September 18, 2010 and is completed. The third project, City Hall façade improvement, was approved by Council at the Regular Meeting of November 22, 2010, and work is completed.

- Michigan Public Service Commission (MPSC) Grant

On March 1, 2011, the Southeast Michigan Regional Energy Office awarded the City a grant to continue a second phase of energy-related improvement projects. The City assessed and analyzed additional energy efficiency opportunities in major City-owned buildings that had not been previously identified prior to application submittal. By doing this, the City proved the return of investment was high and projects were "shovel ready" which scored high on two heavily weighted categories. In fact, the Energy Office set up a 100 point scoring criteria against which the City received the highest score of 82 points of all 17 applicants. Energy Sciences provided energy assessment services and also assisted the City in preparing the grant application.

The City is focusing on energy efficiency measures that provide the maximum energy savings and best return on investment. The funding will be used to implement lighting efficiency upgrades, HVAC optimization and technical energy analysis. The projects were completed in a 120 day timeframe with a payback to the City of about 3 years.

Lighting efficiency upgrades included interior and exterior lighting retrofits, replacements and occupancy sensors that will provide energy savings and standardize lighting throughout all City buildings minimizing the number of lighting replacement components. The lighting upgrades were implemented in City Hall, 43rd District Court, Library, Fire Stations, DPS, Nature Center and the RV& Impound lots.

Building HVAC optimization included temperature controls in the DPS garages and 43rd District Court. A Technical Energy Assessment (TEA) was also conducted for the Senior Center to plan for possible future Demand Controlled Ventilation Project.

Having finished the EECBG grant projects, which was our "Phase One" of building energy improvements, the MPSC grant was perfectly timed to allow us to begin the next phase of work. The City is very pleased that this Grant award has allowed the City to get one step closer to meeting its 25% energy reduction goal by 2015. Staff projects energy reductions of over 200,000 kWh and 660 MCF of natural gas as a result of this project.

In the last round of MPSC-funded energy upgrades, the City has again utilized the professional services of Energy Sciences, which extended pricing from previously awarded lighting projects. The use of an energy expert has helped ensure a consistent energy solution and expedite project completion for the City. Energy Sciences will also perform all rebate application processing as a part of the project services to the City, and they are assisting us with developing our energy report formatting so that we can accurately track energy consumption and savings going forward.

The project cost breakdown and grant allocation are as follows:

<u>Project</u>	<u>Project Cost</u>	<u>Expected Utility Rebate</u>	<u>Grant Allocation</u>	<u>New City Contribution*</u>
Lighting Upgrades - City Hall	\$ 16,066	\$ (2,570)	\$ (13,496)	\$ 0
Lighting Upgrades - Court	28,565	(3,140)	(25,425)	0
Lighting Upgrades - Fire Station #1	22,187	(5,260)	(1,034)	15,893
Lighting Upgrades - Fire Station #2	9,169	(1,450)	0	7,719
Lighting Upgrades - Library	10,139	(1,221)	(8,918)	0
Lighting Upgrades - DPS	10,224	(1,404)	(8,820)	0
Lighting Upgrades - RV & Impound Lots	18,397	(2,441)	(15,956)	0
Lighting Upgrades - Nature Center	3,716	(653)	(3,063)	0
HVAC Upgrades - DPS	5,130	(1,050)	(4,080)	0
HVAC Upgrades - Court	475	(50)	(425)	0
HVAC Upgrades - Senior Center	<u>2,131</u>	<u>0</u>	<u>(2,131)</u>	<u>0</u>
Totals	\$126,199	\$(19,239)	\$(83,348)	\$23,612

*Fire Stations Bond

- Upgrade North City Hall Entrance

Mayor Swanson has proposed that a canopy at the north entrance of City Hall should be constructed to protect City Hall patrons from the elements as they climb the stairs and enter the building. The Mayor has suggested that some type of canvas enclosure could be mounted on the westerly side of the canopy to provide further protection during winter months. Additionally, given the lack of on-site maintenance personnel, the canopy would help prevent the accumulation of snow and ice on the steps of City Hall and minimizing liability. The DPS has estimated a project budget of \$75,000.

Information Technology

- City-Wide Upgrade Microsoft Office

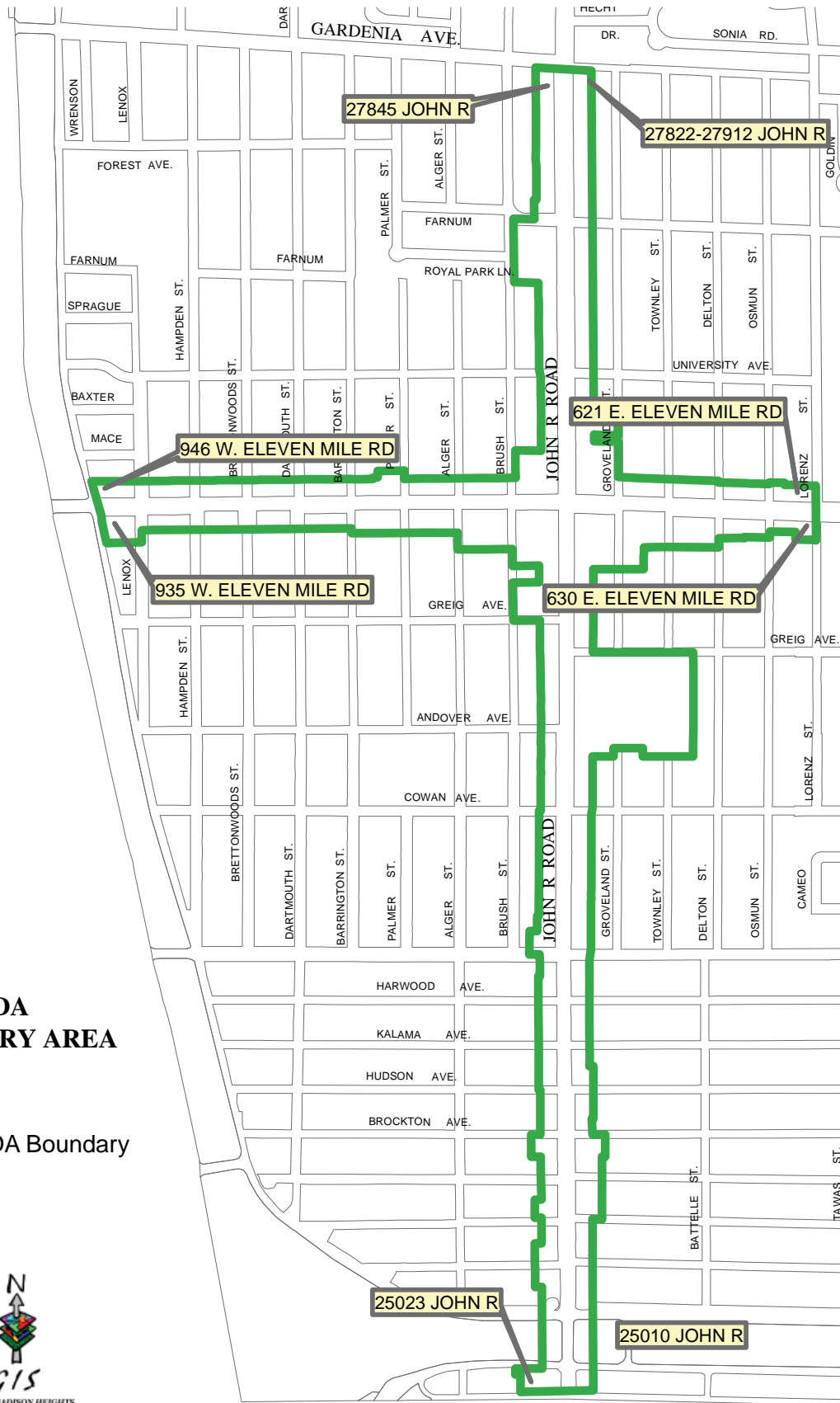
In light of the recent budget financial constraints, the City has been unable to do a system-wide micro computer software upgrade, resulting in the majority of our personal computers running outdated 2000 and 2003 versions of Microsoft Office and an older version of Adobe Acrobat (PDF). In order to maintain efficient communications with other agencies and save wasted staff time converting document formats, the City would upgrade 100 computers to Office 2010 and 50 for Adobe Acrobat at a cost of \$30,000.

- City-Wide 25 Micro Computer Replacements

In recent years, the City has had to suspend its efforts to achieve cycle replacement of our micro computers. As part of this year's Capital Improvement Plan, we are recommending the purchase of the 25 computers for \$16,000 as outlined in the Table XV Computer Replacement Plan.

DDA BOUNDARY AREA

 DDA Boundary



- City Hall Council Chambers Audio Upgrade

In 2009, the City Council requested that staff research options to improve the audio system in the Council Chambers and the related audio portion of Council Meeting broadcasts and replays. A video consultant provided a cost estimate of \$40,000 to correct the sound quality problems and to provide an enhanced cable broadcast playback.

- Wireless Network Access for Field Employees

The Community Development Department Building Official, Building Inspector, Electrical Inspector, Rental Inspector, Mechanical Plumbing Inspector, Community Development/GIS Technician and Code Enforcement Officer travel in the field with their computers, performing inspections and recording the results electronically. Under the current process, they must return to the office each day to replicate their computer workbook information onto the Building Department software. While this process is taking place, staff is not able to access the system for over an hour of each workday. As a solution, the Management Information Administrator has recommended that the City look at creating a wireless network that would work from each of the City vehicles. As the inspectors perform their inspections, the system would be updated in real time. This system could also be utilized by DPS field employees for tasks such as sign inventory and utility location. Projected cost of this system is \$15,000 to \$20,000, or approximately \$3,000 per vehicle.

- City Hall Computer Cabling

A budget of \$50,000 is projected to rewire the computer cable within City Hall. The Information Technology Department is proposing installing new standard for data cable Gigabit-speed Ethernet. The cost for this project includes removal of the old cable and installation of new cable. Operating in conjunction with our other upgraded network infrastructure, this cable project will support transmitting data at ten times the current speed (fast Ethernet).

Economic Development

- Brownfield Redevelopment Authority

As part of the 2001-02 Goal Plan, the City Council approved a project to “Investigate and establish, if justified, a Brownfield Redevelopment Authority in an effort to provide economic development incentives for environmental encumbered properties.” In November 2001, the City Council adopted the Ordinance to establish the Authority and appointed the Downtown Development Authority to serve as the governing Board.

- Oakland County Brownfield Consortium

On November 9, 2009, the City Council approved participation in the Oakland County Brownfield Consortium Agreement between Oakland County and members of the Brownfield Consortium. Oakland County asked the cities of Madison Heights, Ferndale, Hazel Park, Farmington Hills, and Pontiac (collectively known as the Oakland County Brownfield Consortium) to form a coalition and were successfully awarded \$1 million United States Environmental Protection Agency (USEPA) Coalition Assessment Grant. An agreement delineates the relationship and responsibility between the County and the municipality as it relates to the coalition assessment grant.

Through this cooperative agreement, the City of Madison Heights and other members of the Oakland County Brownfield Coalition each received \$100,000, with the remaining \$500,000 being used in other Oakland County communities. Assessment grant dollars provide funding to conduct initial environmental assessment activities (Phase I, Phase II and Baseline Environmental Assessment).

The key objective is to encourage the redevelopment or reuse of sites, which may be complicated by the presence of a potentially hazardous substance, pollutant, or contaminant. The other important objective is to trigger additional investments in our community as developers are encouraged by the improvements. Other benefits include:

- Increased property values if sites are redeveloped
- Encourage cleanup of contaminated sites
- Aids marketing of our community to developers looking for redevelopment opportunities
- Promotes new business investment and reuse of abandoned or neglected sites
- Facilitates job growth when sites are developed

The Grant Application Process is summarized as follows:

- Oakland County and coalition communities will market/announce available grant
- Interested owners/developers contact the Economic Development Coordinator and/or Oakland County
- Oakland County and City will meet with the interested developer to discuss projects
- Grant Money may be available for Phase I and Phase II Site Assessment, and Baseline Environmental Assessment (The average cost for Phase I = \$3,000 to \$5,000, Phase II = \$10,000+)
- An RFP will be drafted by Oakland County to select qualified Environmental Consultants
- Approximately 4-6 environmental consultant firms will be selected by Oakland County and forwarded to EPA for final approval
- The interested developer will select one of the consultant firms selected by Oakland County to conduct their Phase I and Phase II or Baseline Environmental Assessment (BEA)
- The same environmental consultant, on behalf of the interested developer, will submit a pre-approval application to Oakland County and eventually to EPA for final approval
- The consultant will then submit an invoice to Oakland County for reimbursement
- If there's interest from developers that exceeds the allotted \$100,000/coalition community, that developer may request additional funding from Oakland County (Local coalition member would need to support)

Oakland County will serve as the lead member of the coalition and be responsible for administering the grant, including expenditure of funds.

This grant provides an excellent opportunity for the City to encourage and facilitate redevelopment of properties throughout the City. There will be no cost to the City, other than staff time associated with developer meetings and coordination with Oakland County.

Six properties were saved by this grant, as the City was the first to utilize its grant funding for economic development enhancements to these properties.

The City has again partnered with the Coalition and is seeking renewal funding. Grant award is anticipated in the spring of 2012, with funds available in fall 2012 (\$1 million grant - Madison Heights' share is \$100,000).

- Downtown Development Authority

In June 1997, the Madison Heights City Council adopted Ordinance 948 that created the Madison Heights Downtown Development Authority (DDA), pursuant to Act 197 of Public Acts of 1975 of the State of Michigan. A thirteen member DDA Board was appointed to represent the City's south commercial district business interests. The City Council also designated the boundaries (see previous map) of the downtown district within which the Authority may legally operate. This DDA District boundary was amended in the spring of 1998 to include seven additional lots at the northwest and southeast corners of John R and Eleven Mile Roads.

Since its formation, the DDA has scheduled and conducted regular public meetings to establish the procedures under which it operates, to discuss Business District issues, priorities and objectives to be addressed, to consider initial program strategies and approaches to downtown development, and to review ongoing and planned public and private development projects within the Business District.

The DDA concentrates its efforts to correct and prevent stagnation and/or deterioration within the existing business district, to eliminate blighting influences, and to undertake projects which will encourage businesses to remain or locate, and people to shop in the District. The DDA focuses on the identification and implementation of public improvements to enhance the areas that are needed to strengthen the quality of the District. Attention to maintenance, property upkeep, code enforcement and regular reinvestment in public features is essential. In addition, the DDA develops programs to solicit commitment and investment from business owners to make improvements on private property that serve the public purpose of enhancing the District.

In March 1998, the Tax Increment Financing and Development Plan was adopted by City Council to establish the legal basis and procedure for the capture and expenditure of tax increment revenues in accordance with Public Act 197 of 1975 as amended, for the purpose of stimulating and encouraging private investment in the south commercial district through the provision of public improvements.

In the fall of 1998, the DDA retained the services of a professional planning consultant to design the intersection improvements at the center of the DDA District (John R and Eleven Mile Roads). The DDA selected a clock tower and related brick planters and walls to serve as the initial project and focal point for the District.

In February 1999, the City Council authorized an advance of funds not to exceed \$156,000 to support the clock tower and related intersection improvements. The DDA agreed to re-transfer the funds on an annual basis starting in March 2000 from funds generated through tax increment revenues to repay this advance. The clock tower project was completed in spring 2000. The clock tower loan was repaid to the City in full in 2005.

Details on the original planned expenditures can be found in the Tax Increment Financing and Development Plan.

- Economic Development Program

As part of the FY 2002-03 Budget, an Economic Development and Redevelopment Program was established within the Community Development Department. This program supports the Downtown Development Authority and the Brownfield Redevelopment Authority and provides assistance to the Planning Commission and the City Council regarding economic development projects. The program is also responsible for developing strategies and initiating projects, assembling plans and directing programs to improve the economic base of the community to help create employment opportunities, reducing commercial and industrial vacancies and improving/maintaining a viable

mix of businesses. A network of communications, outreach in cooperation with area real estate brokers and development firms, property owners, business owners, civic, community and business groups to coordinate and enhance business relationships, recruitment and retention efforts have been developed.

The Economic Development Coordinator position and related expenses are funded 50% by the General Fund (\$55,000) and 50% by the Downtown Development Authority (\$55,000).

- Economic Development - Business Retention Program

The Department's Economic Development Division fulfilled a City Council Goal to establish a comprehensive economic development program. One of the most important responsibilities of the Economic Development Division is retaining existing businesses in the City. To better serve business needs, a comprehensive Business Retention Program is fully operational. Site visits and follow-up activities are conducted in cooperation with the Madison Heights/Hazel Park Chamber of Commerce, Oakland County Planning and Economic Development, and the Michigan Economic Development Corporation (MEDC). In addition, Ombudsman Services are provided to businesses to promote communication and cooperation within the City.

2011 Accomplishments

- 240 business retention site visits.
- 200 current businesses provided assistance through the "Business Ombudsman Program".
- 35 New Business Welcome visits (some in cooperation with the Madison Heights/Hazel Park Chamber of Commerce)
- 110 New Business Attraction and Expansion Activities

- Economic Development - Business Attraction and Marketing Program

In order to increase and improve development readiness, a Business Attraction and Marketing Program is maintained. These efforts include providing information on available commercial and industrial properties to encourage development of underutilized sites; marketing and networking at conferences, meetings and special events; electronic distribution of the "Business Brochure" and "Food and Fun Guide"; maintenance of a potential and targeted business list; and increased communication efforts to market the City and development opportunities. Due to budget constraints, the "Available Commercial and Industrial Property Report" is no longer available and the "Food and Fun Guide" is no longer available in print or mailed to the businesses. However, electronic copies are made available to interested developers or residents.

2011 Accomplishments

- City marketing brochure ("Business Brochure") distributed and emailed to potential businesses, developers, and real estate agents at numerous retail, office and industrial marketing events.
- Marketing letters/information sent to potential businesses / developers / agents encouraging them to consider development projects in the City of Madison Heights.
- Information regarding available commercial and industrial properties distributed via e-mail to interested individuals, real estate, business and development interests.
- "City of Madison Heights Food and Fun Guide" continues to be an excellent City marketing tool. This comprehensive listing of restaurants, bars, entertainment venues, parks, hotels, and banks in the City was designed to help businesses, employees, customers and residents find great places to eat, shop, stay and have fun in our community. Electronic copies available to view and download on the city's web site and emailed directly to interested individuals. 50+ copies distributed to participants of "Eat, Work, Love" Madison Heights Tour
- Hosted the 3rd annual "Going Green in Madison Heights" Art Challenge & Exhibit, featuring student artwork.

- Hosted the 4th annual “Around the Globe in Madison Heights” featuring and promoting the diversity of Madison Heights businesses.
- Partnered with Detroit TechTown, the Wayne State University research technology park to co-host “Shifting Gears” Program at the November 2011 session of E-Lounge.
- Hosted 8 Entrepreneur Lounge or E-Lounge sessions with the local Biggby Coffee Shop. These sessions feature dynamic speakers to deliver useful and inspiring messages for entrepreneurs, innovators and small business owners. Topics have included Creative Branding, How to Effectively Network, Speed-Networking, Show Me the Money, Productive Habits of Entrepreneurs, Calling All Inventors, Shifting Gears, and Inspirational Stories of Successful Entrepreneurs.
- City of Madison Heights recognized for its work to foster entrepreneurial growth and economic development in a study by researchers at the University of Michigan-Dearborn’s Center for Innovation Research (iLabs).
- Host community for the upcoming Regional Job Fair, planned for February 2012.
- Participated in Senator Pappageorge’s 4th Annual Senior Salute Day - Royal Oak Farmer’s Market.
- The City in partnership with the Lamphere and Madison School Districts and many other local business partners hosted a full-day tour on October 25, 2011 for high school students and their parents to experience all the best that Madison Heights has to offer. The purpose was to help build a talent roadmap that targets the K-12 population. The other intent is to ensure the continued growth and long-term retention of the next generation workforce. Over \$7,000 was raised by the local business partners to go towards the students scholarship fund.
- Participated in the post-tour focus group meeting, co-sponsored by the Madison Heights Family Coalition to gauge the students feedback and evaluation of the “Eat, Work, Love” Madison Heights tour. Report later shared with local policy leaders.
- Economic Development - Coordination with Other Economic Development Programs

Increased coordination with economic development colleagues throughout the state is crucial to the success of the City’s economic development efforts. Coordination has been significantly increased with the MH/HP Chamber of Commerce, Oakland County Planning and Economic Development, neighboring communities, Michigan Economic Development Corporation (MEDC), Michigan Economic Developers Association (MEDA) and Michigan Downtown Association (MDA).

2011 Accomplishments

- Continue to serve as City Liaison to MH/HP Chamber of Commerce.
- Participated in 45 MH/HP Chamber of Commerce special events.
- Attended 30 Oakland County economic development meetings and events.
- Coordinated 10 Business Retention/Expansion visits with MEDC and Oakland County.
- Attended 15 economic development meetings and workshops throughout the state to increase City’s presence in the development field.
- Attended 2 Automation Alley networking events and workshops.
- Attended 1 International Council for Shopping Centers (ICSC) Idea Exchange & Alliance Programs.
- Participated in the MEDA Social Media Taskforce. The charge for the taskforce was to discuss how social media could benefit economic development organizations.

- DDA Identification and Marketing Program

The DDA's goals include enhancing the streetscape areas as well as developing an image that will encourage additional retail and commercial activity. In 2003, staff created and began distributing a quarterly newsletter "Heights Herald" to increase communication with DDA businesses and property owners, and to market the district to potential developers and businesses. The DDA also continues to host business events for business owners, property owners, and other interested parties in order to facilitate communication, provide information regarding recent and future developments in the City, and explore topics of interest and need for our business owners.

2011 Accomplishments

- DDA newsletter "Heights Herald" emailed to businesses and property owners quarterly.
- Two DDA business events held in 2011 for DDA business and property owners.

- DDA Blight Clearance Program

This ongoing program seeks to encourage property and business owners to remove dilapidated and nonconforming signs, improve building and property signage, upgrade or demolish blighted buildings, and make capital improvements to properties.

2011 Accomplishments

- Four properties improved in 2011.
- Three properties upgrade and/or remove nonconforming signs.

- DDA Right of Way Maintenance Program

This seasonal lawn care and maintenance program, begun in 1998, assists property and business owners in maintaining the rights of way (ROW) in front of their properties. A lawn care company performs regular lawn maintenance and weed removal in the right-of-ways (between the sidewalk and the street) throughout the district. In 2011 the DDA Board voted to reduce the frequency of the Right-of-Way (ROW) cuttings and the fertilization/weed control. This program reduction was the direct result of the substantial decline in the DDA's budget.

2011 Accomplishments

- Approximately 185 business properties received reduced ROW lawn care and maintenance services through the DDA ROW Maintenance Program.
- Continued Trash Receptacle and Trash Pick up Program weekly.
- Sidewalk and ROW trash pick-up reduced to once per month.

- DDA Sign Grant Program

In 2001, the DDA established a Sign Grant Program to encourage businesses to replace non-conforming signage and upgrade existing signs. This program provides 50% of the cost to design, construct and install a new sign, or 100% of the cost to remove a non-conforming or dilapidated sign, up to \$10,000. Only current DDA businesses that meet the criteria are eligible for this program. Due to budget constraints, limited funds are available for interested property owners in the DDA.

2011 Accomplishments

- Three businesses received sign grant for new signage in 2011.
- Over \$5,798 in total private investment from the property owners.

- DDA Façade/Property Grant Program

In 2008, the DDA established a Façade/Property Grant Program to assist commercial and industrial property owners to fund physical redevelopment improvements to their existing properties. This program will encourage private investment, reduce blight, and provide incentives to current businesses and property owners, and improve the overall image of the DDA District. Due to budget constraints, small limited funds are available for interested property owners in the DDA.

2011 Accomplishments

- One business expressed interest to apply for façade grant for 2011.

- DDA Road Improvements

In 2011, the DDA partially funded sectional concrete repairs to southbound John R from 11 Mile to Gardenia.

- Brownfield Redevelopment Authority (BRA)

The City of Madison Heights Brownfield Redevelopment Authority (BRA) provides developers with the opportunity of tax incentives and grant and loan programs to remediate those properties that are environmentally contaminated.

2011 Accomplishments

- Contact with several potential Brownfield developers to encourage project opportunities.
- Member of a coalition with six other Oakland County communities that applied for an additional \$1 million dollar United States Environmental Protection Agency Coalition Assessment Grant for FY 2012.

TABLE XII
FY 2013-17 FIVE YEAR CAPITAL IMPROVEMENT PLAN
LEISURE & HUMAN SERVICES
(IN THOUSANDS)

APPROPRIATIONS:

LEISURE & HUMAN SERVICES	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	TOTAL APPROP.
PARK PROJECTS								
Friendship Woods - Trail Cutback	\$ 0	\$ 0	\$ 5	\$ 5	\$ 5	\$ 5	\$ 6	\$ 26
Friendship Woods - Tree Cutting	0	0	60	0	0	0	0	60
Skate Park Rehabilitation	0	0	12	0	0	0	0	12
Multiple Park - Sectional Path Replacement	0	0	45	0	0	0	0	45
Rosies Park - Hales Parking Lot Overlay	0	0	75	0	0	0	0	75
Red Oaks - Walk/Bike Connection	0	0	0	179	0	0	0	179
Friendship Woods - Parking Lot Resurfacing	0	0	0	0	100	0	0	100
Friendship Woods - 2" Trail Overlay	0	0	0	0	26	0	0	26
Wildwood Park - Playscape Replacement	0	0	0	0	0	100	0	100
Civic Center Park - Totscap, New Swings & Soft Fall Surfacing	0	0	0	0	0	50	0	50
Huffman Park - Building Furnace Replacement	0	0	0	0	0	7	0	7
Friendship Woods - Nature Center Roof	0	0	0	0	0	0	30	30
Property Acquisition	0	0	0	0	0	0	150	150
Walk/Bike Path Construction	0	0	0	0	0	0	583	583
SENIORS/SENIOR CENTER								
2003 25 Passenger Bus #443	0	0	0	75	0	0	0	75
2002 Blue Bird Bus #471	0	0	0	0	200	0	0	200
Close South Senior Center Driveway	0	0	0	0	0	0	100	100
TOTALS	\$ 0	\$ 0	\$ 197	\$ 259	\$ 331	\$ 162	\$ 869	\$ 1,818

REVENUES:

LEISURE & HUMAN SERVICES	GENERAL FUND	LOCAL/ MAJOR STREETS	VEHICLE MILLAGE	SPECIAL ASSESS.	WATER & SEWER	OAKLAND COUNTY PARKS	OTHER REVENUES	TOTAL REVENUES
PARK PROJECTS								
Friendship Woods - Trail Cutback	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13	\$ 13	\$ 26
Friendship Woods - Tree Cutting	0	0	0	0	0	30	30	60
Skate Park Rehabilitation	0	0	0	0	0	0	12	12
Multiple Park - Sectional Path Replacement	45	0	0	0	0	0	0	45
Rosies Park - Hales Parking Lot Overlay	75	0	0	0	0	0	0	75
Red Oaks - Walk/Bike Connection	0	0	0	0	0	79	100	179
Friendship Woods - Parking Lot Resurfacing	0	0	0	0	0	50	50	100
Friendship Woods - 2" Trail Overlay	0	0	0	0	0	13	13	26
Wildwood Park - Playscape Replacement	100	0	0	0	0	0	0	100
Civic Center Park - Totscap, New Swings & Soft Fall Surfacing	50	0	0	0	0	0	0	50
Huffman Park - Building Furnace Replacement	7	0	0	0	0	0	0	7
Friendship Woods - Nature Center Roof	0	0	0	0	0	15	15	30
Property Acquisition	0	0	0	0	0	0	150	150
Walk/Bike Path Construction	292	0	0	0	0	0	291	583
SENIORS/SENIOR CENTER								
2003 25 Passenger Bus #443	75	0	0	0	0	0	0	75
2002 Blue Bird Bus #471	200	0	0	0	0	0	0	200
Close South Senior Center Driveway	100	0	0	0	0	0	0	100
TOTALS	\$ 944	\$ 0	\$ 0	\$ 0	\$ 0	\$ 200	\$ 674	\$ 1,818

LEISURE AND HUMAN SERVICES

The improvements programmed in this Chapter can be divided into three categories: Recreation, Senior Center and Library Service Improvements.

Recreation Improvements

As the Council is aware, in recent years the City has had to defer both planned improvements and major maintenance projects for our parks system. For planning purposes, the staff has identified five categories of park projects:

1. Suarez Woods Projects
2. Other Park Projects
3. Skate Park Repairs
4. Property Acquisitions
5. Walking and Bike Trail

• Suarez Woods Projects

Given the recent discussions with the Oakland County Parks and Recreation Commission (OCP&RC), a list of long-term capital improvements and deferred maintenance projects has been identified. OCP&RC has indicated as part of any long-term lease of Suarez Woods and the Nature Center, that they would look to the City to fund at least one-half of any capital improvements.

The list below represents the City's staff projections of projects and priorities over the next 20 years.

<u>Suarez Woods Capital Expenditures</u>	<u>Cost</u>	<u>Fiscal Year(s)</u>
a. Trail Cutback	\$100,000	2013-2033
b. Tree Cutting	88,350	2013 & 2028
c. Parking Lot Resurfacing (possibly remove island)	100,000	2015
d. Trail Resurfacing with 2" Overlay	26,000	2015
e. Roof Replacement	<u>30,000</u>	2017
Subtotal	\$344,350	

• Other Parks Projects

Given that the most recent Parks and Recreation Master Plan was developed eight years ago, in October 2011, staff was asked to review and identify current park projects.

<u>Other Park Projects</u>	<u>Cost</u>	<u>Fiscal Year(s)</u>
a. Sectional Path Replacement at Civic Center, Ambassador and Rosie's	\$ 45,000	2013
b. Rosie's Park - Hales Parking Lot Overlay	75,000	2013
c. Wildwood Park - Replace Playscape; add Soft Fall Surfacing	100,000	2016
d. Civic Center Totscap; New Swings & Soft Fall Surfacing	50,000	2016
e. Replace Huffman Park Building Furnace	7,000	2016
f. Replace Park Shelter Building Roofs	15,000	2028 & 2031
g. Red Oaks Soccer Parking Lot Repaving	<u>150,000</u>	2033
Subtotal	\$442,000	



- Skate Park Repair

At the August 22, 2011 City Council Meeting, Councilmember Gerald's acknowledged the receipt of Deputy City Manager Myers's Skate Park Report outlining two options for the future of the Skate Park approved gap reduction measure. However, Councilmember Gerald's requested that staff prepare a third option for Council's consideration using funding from the Parks Maintenance and Improvement Fund as the resource to restore the equipment and maintain the Skate Park as a City facility.

City Manager Austin responded to Councilmember Gerald's request for a third Skate Park option by recommending that staff prepare a long-range financial plan for the Parks Maintenance and Improvement Fund for Council's review prior to their making a commitment to a Skate Park repair and rehabilitation project.

The Parks Maintenance and Improvement Fund was created as a result of a negotiated agreement between the GWK Drain District and the Madison Heights City Manager. Under the agreement the City, in November 2007, received a one-time payment of \$850,000 in exchange for the commitment to operate and maintain a 10-acre soccer complex for a 25-year period. The "Red Oaks Youth Soccer Complex" includes nine youth soccer fields, a concession/meeting building, picnic pavilion, 240-space parking lot and playground (previous page). The \$2.1 million soccer complex was built by the GWK Drain District with a contribution of \$150,000 from the adjoining Lowe's and \$250,000 from the OCP&RC.

The Soccer Complex was first opened in the fall of 2008, but closed for drain construction in 2009. In 2009, the new playscape equipment funded by OCP&RC was installed. The complex re-opened for the Fall 2010 soccer season.

On January 5, 2009, the Governor signed Public Act 404 of 2008. This legislation allows the City to invest the one-time GWK payment in a long-term portfolio to maximize investment returns, generating additional income over the term of the 25-year agreement.

On January 24, 2011, the City entered into an agreement with OCP&RC, who will provide the ground maintenance, including lawn, sod, fertilization and weed control service, as well as snow and ice control, on the parking lots and sidewalks at the complex.

The License, Use and Maintenance Agreement with the GWK Drain District and the OCP&RC runs from May 14, 2007 to May 13, 2032. The City received the lump-sum payment in the fall of 2007, and assumed maintenance responsibility for this facility in the summer of 2008.

For July 1, 2012, staff is projecting a fund balance of \$681,000. From this balance and any investment income, Madison Heights will need to cover the remaining 20 years of annual operating maintenance costs for the Soccer Complex. The annual costs are projected to start at \$24,000 in FY 2011-12 and increase to \$48,000, and total \$922,000 over the agreement.

Please keep in mind that a 20-year projection is extremely difficult given the unpredictable changes to both the economy and the Federal and State legislative mandates. Taking these comments into consideration, staff projects that the City will have \$187,000 to invest in the park system improvements after the Soccer Complex maintenance has been addressed. The staff recommends that all available funds from the Parks Maintenance and Improvement Fund be programmed for upgrades to Suarez Woods to fulfill any capital expenditures matching requirements for the pending agreement with the Oakland County Parks and Recreation Commission.

Since the October 2011 Council Meeting, the staff has met with the Friends of Madison Heights Youth (FOMHY). FOMHY has agreed to partner with the City by raising \$12,000 from the community to address the most pressing repair needs at the Skate Park. The goal is to reopen the Skate Park in the summer of 2012.

- Property Acquisition

Since the 1990's, the City of Madison Heights has adopted a strategy of pursuing enhancement of parks through property acquisition. The City has concentrated on evaluating and purchasing properties that are adjacent to existing City parks. Since the mid 1990's, the City purchased the Cherukuri property at the Nature Center (parking area on the west side of the drive as you enter the site), four separate parcels adjacent to Rosie's Park and one parcel at the rear of the Senior Center property on Edward Street (later resold). The 2006-2010 Parks and Recreation Master Plan includes three goals related to this strategy:

- Goal B – Acquire appropriate land to expand existing park facilities and services
- Goal C – Continue to develop and expand the Nature Center
- Goal F – Continue to provide recreational facilities and programs that address the needs of all residents

These Goals support the Master Plan's action plan which calls for the continued land acquisition near Rosie's Park and Suarez Friendship Woods.

The Master Plan indicates:

“In addition to the development of bike trails, acquisition of additional park land adjacent to existing parks, is a high priority and long-term project for the City. Given there is less than 2% vacant land within the City, Madison Heights wants to acquire additional park land when feasible. Two high-priority parks for future expansion of park land are Friendship Woods and Rosie's Park. The high-priority parcels for Friendship Woods are the southern-most home on Hales and the vacant parcel behind the home on Winthrop. High-priority parcels for Rosie's Park are located along and adjacent to 11 Mile Road. If other lands become available to the City prior to the parcels adjacent to either Friendship Woods or Rosie's, Madison Heights may seek to acquire those parcels. The City may choose to acquire additional park land, as it becomes available, whether or not it is adjacent to the above-referenced parks, throughout the lifespan of this plan.”

The Parks Maintenance and Improvement Fund was created as a result of the negotiated agreement between the George W. Kuhn Drainage District (GWKDD) and the City. Under the Agreement, the City in November 2007 received a one-time payment of \$850,000 in exchange for the commitment to operate and maintain a 10-acre soccer complex for a 25 year period. The principal and interest on the original payment is not restricted to just the Red Oaks Soccer Complex, but may be used to fund any Madison Heights park system improvement. On January 5, 2009, the Governor signed Public Act 404 of 2008. This legislation allows the City to invest the one-time GWKDD payment in a long-term portfolio to maximize investment returns, generating investment income over the term of the agreement. The revenues generated from these investments will support maintenance and improvement of not only the Red Oaks Youth Soccer Complex, but also the City's entire 12-park system.

In April of 2009, the City was contacted by a Madison Heights resident, who lives at the entrance of George W. Suarez Friendship Woods, inquiring as to whether the City would be interested in purchasing her property.

The City retained the services of an independent appraiser who reported estimated values of \$80,000 for 30553 Hales and \$40,000 for 30545 Hales (known as the “Hardesty properties”). The City Manager extended offers for these properties in the amount of the appraisals on June 26, 2009.

The City Council approved the purchase of the Hardesty properties in August of 2009. In keeping with the City’s long-term plans, the home was demolished to avoid any future maintenance costs associated with the structure. Next, staff will work with the input from the Parks and Recreation Commission and the public to develop future plans for the property that would enhance Suarez Friendship Woods.

- Walking and Bike Trails

A high-priority recreational item in Madison Heights is the development of an 8 foot wide bike trail system. In the future, the proposed trails will connect with trails developed by Oakland County and Macomb County. The bike path is proposed to run along the George W. Kuhn Drain and the east side of I-75, as part of the I-75 widening project. A sidewalk section in the road right-of-way between Woodside and Hiller Elementary on Delton was constructed in 2008 at a cost of \$35,000 as part of the City’s Sidewalk Program and Gap Repair Plan. The project is planned for FY 2016-17, assuming a 50% local (\$291,500) and 50% Michigan Department of Natural Resources grant (\$291,500).

In December 2010, the Oakland County Parks and Recreation was awarded a \$308,000 development grant for natural area accessibility improvements by the Michigan Natural Resources Trust Fund Board of Trustees. The grant will fund construction of boardwalks, wildlife viewing platforms and floating fishing piers at Highland Oaks, Lyon Oaks, Red Oaks and Rose Oaks county parks.

At Red Oaks County Park, 600 feet of boardwalk will help overcome challenges of a narrow park site while preserving and enhancing the value of Red Oaks as an urban natural area. The project is planned for FY 2012-13 based on the \$179,000 budget split between the Michigan Natural Resource Trust Fund (\$100,000) and Oakland County Parks and Recreation (\$79,000).

In an effort to maintain the condition of existing park facilities, the General Fund fund balance has been programmed in FY 2012-13 an asphalt overlay of the Hales parking lot at Rosie’s Park (\$75,000), and repair and replacement of trails at Civic Center, Ambassador and Rosie’s Parks (\$45,000).

Senior Center Improvements

The most recent Capital Improvement Plan project completed was the creation of the new access from the rear parking lot of the Senior Center through the SOCRRA drive to a safe signalized intersection on John R. The Department of Public Services has requested the southern entrance to the Center be closed to further enhance public safety. The future traffic plan for the Senior Center and John R/Dartmouth intersection calls for the closure of the south Senior Center Driveway - now restricted to right turn in/right turn out - and the re-routing of all traffic to and from the Center to the shared SOCRRA driveway.

This project would include removal of the signage and “pork chop” island, removal of the asphalt from John R to the circular Senior Center entryway, curbing along John R, extension of the sprinkler lines and heads, sod, and new asphalt and asphalt curb to close off and complete the circular drive at the front entrance of the Center. As part of this project, we also plan to install a sanitary sewer cleanout in the right-of-way to assist with the cleaning of the Senior Center sanitary sewer line, which includes the kitchen.

The Capital Improvement Plan includes the replacement of two buses, one smaller bus for local trips and one larger 25 passenger bus for out-of-town trips.

An upgrade of the Senior Center HVAC system is also planned in early 2012 as part of the City’s Michigan Public Service Commission-funded energy work to provide demand controlled ventilation and reduce natural gas consumption.

Library Service Improvements

In February 2000, City Council directed staff to prepare an ordinance to create a Citizen Task Force to review both short and long-term upgrades and improvements to the Library system. City Council had identified the following issues that needed to be addressed: resource availability; perception that the book collection is aged and not comprehensive and that basic research volumes are limited; the concern that the separation between the Adult Reading Room and Youth areas is not adequate; the number of computer stations for Internet access; limitations of the physical plant; long-term maintenance; and review of personnel needs and compensation.

The Library Advisory Board worked with City and Library staff in conjunction with a Library Architect and Interior Designer to complete a conceptual building design. Incorporated into the mission of the Library Advisory Board was the directive to identify and determine the scope of a project to address needs and provide efficient library service to City residents.

Furniture replacement was a critical need, and public seating and tables, along with lounge furniture were ordered and installed during FY 2001-02.

In the FY 2002-03 Budget, a total of an additional \$20,000 was programmed for furnishing replacements and an additional \$50,500 for building fascia repairs (\$49,500 already available in FY 2001-02 Budget) and \$35,000 to slurry seal the parking lots north and west of the Library. The additional Library furnishings, building fascia repairs and reference desk projects were placed on hold pending City Council’s direction regarding the Library Advisory Board’s recommendation to renovate and expand the Main Library.

In May 2002, the Library Advisory Board adopted a motion to recommend Council consideration of Ehresman Associates Library Renovation Option #4. This Option includes improvements to comply with barrier-free accessibility, building codes, and the Federal Americans with Disabilities Act. In addition, Option #4 includes a 15,700 square foot renovation and an 8,950 square foot addition to

extend the building approximately 65 feet north of the existing main entrance. The total addition includes a youth library component of 5,100 square feet at \$820,000, a basic addition of 1,200 square feet at \$250,000 and a new Breckenridge Meeting Center at 2,650 square feet for \$425,000. As calculated by the project's architect, the total cost of Option #4 was \$3,475,000, inclusive of other project costs totaling 42 percent. By completing the project at one time, it is anticipated that the City would save between \$150,000 to \$250,000.

Option #4 was recommended following an exhaustive review of all alternatives including shared school usage and that the City pursue financing and that continued outreach efforts be conducted to obtain additional input from the community.

A goal within the 2003-04 Goal Plan calls for supporting the results of the Library Advisory Board's Needs Assessment by evaluating funding alternatives and receiving additional input on planned Library expansion/renovation.

In February 2003, the Library Advisory Board reviewed updated financial projections regarding project funding. A decision was made to defer any further recommendations to City Council regarding the project and any public presentation until project funding has been approved.

The Library's technology plans include the introduction of the Library's Public Access Web Page, the introduction of public Internet access, and the expansion of computers by ten, all of which have been completed.

As part of the 2005-06 Goal Plan, the City Council approved the following goal: Structure for City Council's consideration a plan to implement a State of Michigan Public Act 164 Library governed by an appointed Library Board and supported through an independent millage levy, State aid, penal fines, book fines and user fees; where the millage is offset by a reduction in the City's operating millage and the transition is "revenue neutral" to the General Fund.

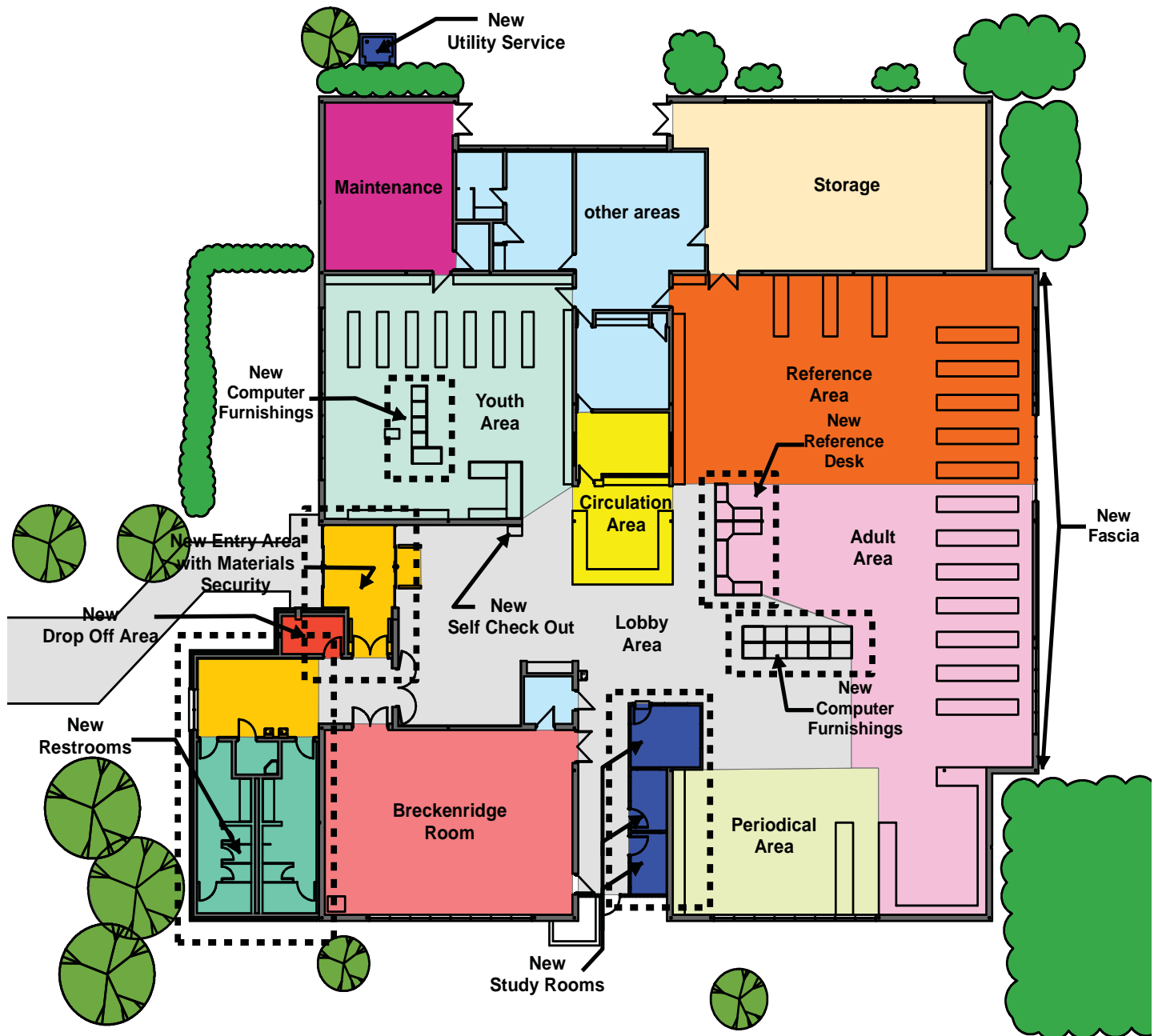
In spring 2005, staff brought before the Council a recommendation to create a Public Act 164 Library that would be supported by up to a one mill levy. The dedicated millage would have assumed the operation and maintenance cost from the General Fund and allowed for funding for the proposed improvements. A decision was made by the City Council not to pursue the Act 164 Library, instead the Council suggested that the staff research making use of the money that was set aside in prior years for improvements and any additional funding to support a scaled down renovation project.

As part of the 2006-07 Goal Plan, a goal was approved on December 12, 2005: "Working within the context of the Library Advisory Board's long-range Library improvement plan, develop a scaled down project that best utilizes existing funding."

On August 14, 2006, Council approved the bidding of the Library project. The original estimated project included: an Americans with Disabilities Act (ADA)-accessible restroom addition; a realignment of the north entry door, vestibule, and outside walkway; replacement doors and windows; asbestos abatement; reference and public computer furnishings; three group study rooms; electrical system separation (Library/City Hall); signage; Breckenridge Room blinds; a new roof and the optional self-checkout and materials security.

On November 29, 2006, the City received and opened 12 bids for Library renovations. The project architect and staff reviewed the bids and checked references for the four lowest bidders. The lowest bid for construction project Cedroni Associates, Inc., who completed the project in July 2007. The Library closed from mid-December to early July 2007. This schedule allowed construction to be completed

2007 Library Improvement Project



in the most safe and efficient manner, especially given asbestos abatement affecting over 11,000 square feet of the building.

The costs for this project with alternatives are listed below:

Base Construction plus Alternatives	\$641,095
Engineering/Construction Management	58,348
Testing, Surveys and Computer Networking	19,250
Furniture	25,408
Asbestos Removal	18,000
Asbestos Consultant	<u>5,500</u>
Total Base Construction, Alternatives Asbestos and Furniture	\$767,601

The furniture was separately bid. The asbestos removal was also bid separate from the other building improvements. Five bids were received on December 6, 2006 with the lowest responsible bidder being Environmental Maintenance Engineers, Inc. (EME) for \$18,000.

In addition to the general construction costs, asbestos removal and furniture, Council requested prices for the self-check out and security. The Library received prices of \$19,200 and \$15,800 respectively for these items.

Also, included in the Capital Improvement Plan document were plans to place sprinkler systems in the remaining buildings without fire suppression systems. With the renovations, this was the best time to consider adding this equipment. The addition of a sprinkler system was estimated to cost approximately \$100,000 for specifications and contracted installation.

The estimated costs for the project with optional items are listed below:

	<u>Cost</u>
Self-Checkout	\$ 19,200
Security System	15,800
Sprinkler System	<u>100,000</u>
Optional Items	\$135,000
Optional Construction Contingency	<u>64,100</u>
Total Extra Items	\$199,100

The optional items were funded by the General Fund Designation for Capital Improvements, which stood at \$600,000. The construction, alternatives, asbestos and furniture (\$767,601) plus optional items (\$199,100) totaled \$966,701.

Impact of Capital Improvement Plan on the Operating Budget

The Capital Improvement Plan impacts the operating budget of the City in many different ways depending on the nature of the capital improvement item. A capital improvement can be a new asset to the City that would increase the need for such things as maintenance, utilities and insurance. A capital improvement can also be expanding or replacing a current asset.

The City of Madison Heights reviews the impact capital improvements will have on the operating budget each year when the Capital Improvement Plan is approved. This plan details the estimated annual operating costs for the next five years. These charts are provided in the next few pages.

In order to estimate the impact on the operating budget, staff first considers if the capital improvement is a replacement, new or expanded asset. If the item increases expenditures in the operating budget, staff will identify other sources of funds for maintenance, such as new cost recovery fees, increases in existing rates, private contributions or grants for maintenance.

Much of the capital maintenance program is coordinated by the Department of Public Services (DPS), which oversees or provides routine maintenance for streets, buildings, equipment and public property. The City uses a combination of contract and City workforces to perform basic routine maintenance such as motor pool, mowing and weed control. Staff uses historical costs of similar items to estimate labor and service contract costs to determine the estimated operating expenditures for the next five years.

TABLE XIII
FY 2013-17 FIVE YEAR CAPITAL IMPROVEMENT PLAN
CAPITAL IMPROVEMENT IMPACTS ON ANNUAL OPERATING COSTS

PROJECT DESCRIPTION	CAPITAL OUTLAY		Estimated Annual Operating Costs (Including Debt Repayment)					
	TOTAL COST/ FUNDING SOURCE	PROPOSED BUDGET FY 2012-13	PROPOSED METHOD OF FUNDING					
				FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
Neighborhood Projects								
Proposal "R-2" Sidewalks	\$ 100,000 RM	\$ 20,000	LSF	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500
Proposal "R-2" Concrete Repair	500,000 RM	100,000	LSF	500	500	500	500	500
Year 6 Roads (R-2)								
Lenox - Baxter to Sprague	230,000 RM	230,000	LSF	500	500	500	500	500
Hampden - Farnum Intersection	127,000 RM	127,000	LSF	500	500	500	500	500
University - Lenox to Hampden	127,000 RM	127,000	LSF	500	500	500	500	500
Brettonwoods - Gardenia to Farnum	578,000 RM	578,000	LSF	500	500	500	500	500
Forest - Hampden to Brettonwoods & Hampden Intersection	252,000 RM	252,000	LSF	500	500	500	500	500
Gardenia - Hampden to Dartmouth	283,000 RM	283,000	LSF	500	500	500	500	500
Parker - E of Sealcoat to John R - (Watermain Cross-Over)	566,000 RM	566,000	LSF	500	500	500	500	500
Year 7 Roads (R-2)								
Dartmouth - 26333 Dartmouth to 26113 Dartmouth	203,000 RM	0	LSF	0	0	500	500	500
Barrington - Cowan to Andover	204,000 RM	0	LSF	0	0	500	500	500
W. Barrett - Alger to John R	253,000 RM	0	LSF	0	0	500	500	500
E. Hudson - John R to 71 E. Hudson	166,000 RM	0	LSF	0	0	500	500	500
Kalama - Stephenson Hwy. To Alger	610,000 RM	0	LSF	0	0	500	500	500
Couzens - South of 11 Mile Road (SAD)	694,000 RM/SAD	0	LSF	0	0	500	500	500
Harwood - Dartmouth to 368 Harwood	243,000 RM	0	LSF	0	0	500	500	500
Year 8 Roads (R-2)								
Whittier - Longfellow to Chaucer	529,000 RM	0	LSF	0	0	0	500	500
Palmer - 13 Mile N. to end	366,000 RM	0	LSF	0	0	0	500	500
Chaucer - Whittier to Longfellow	410,000 RM	0	LSF	0	0	0	500	500
Barrington - S. of Horace Brown to 13 Mile NB	518,000 RM	0	LSF	0	0	0	500	500
Barrington - S. of Horace Brown to 13 Mile SB (SAD)	465,000 RM/SAD	0	LSF	0	0	0	500	500
Blairmoor - Manchester to Thirteen Mile Road	543,000 RM	0	LSF	0	0	0	500	500
Manchester & Woodmont Intersection	102,000 RM	0	LSF	0	0	0	500	500

Legend:

Advanced Life Support Millage
General Fund
Grant Funding
Local Street Fund
Major Street Fund
Oakland County Road Commission
Oakland County Parks
Park Improvement Fund
Road Millage
Solid Waste Millage
Special Assessment District
Vehicle Millage
Water and Sewer Fund

ALSM
GF
Grant
LSF
MSF
OCRC
OCP
PIF
RM
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				FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
Year 9 Roads (R-2)								
Fournier - Sherry to Mark and Mark - Fournier to Sherry	1,355,000 RM	0	LSF	0	0	0	0	500
E. Hardwood - Couzens to Dei	414,000 RM	0	LSF	0	0	0	0	500
Lincoln - John R to 104 E. Lincoln	165,000 RM	0	LSF	0	0	0	0	500
Lincoln - 504 E. Lincoln to 583 E. Lincoln	457,000 RM	0	LSF	0	0	0	0	500
Year 10 Roads (R-2)								
Madison - Millard to 31605 Madison - (Watermain Whole Street)	289,000 RM	0	LSF	0	0	0	0	0
Areeda - N. of 11 Mile Road	275,000 RM	0	LSF	0	0	0	0	0
Meadows - Whitcomb to 31608 Meadows - (full Watermain)	416,000 RM	0	LSF	0	0	0	0	0
Dorchester - 13 Mile to Windemere	126,000 RM	0	LSF	0	0	0	0	0
Windemere - Dorchester to Edgeworth	255,000 RM	0	LSF	0	0	0	0	0
Kenwood - Millard to 31601 Kenwood - (Watermain to Englewood)	288,000 RM	0	LSF	0	0	0	0	0
Moulin - Dulong to 1353 Moulin - (Watermain to Rose)	376,000 RM	0	LSF	0	0	0	0	0
Total Neighborhood Projects	\$ 12,485,000	\$ 2,283,000		\$ 4,500	\$ 4,500	\$ 8,000	\$ 11,500	\$ 13,500

Legend:

Advanced Life Support Millage
General Fund
Grant Funding
Local Street Fund
Major Street Fund
Oakland County Road Commission
Oakland County Parks
Park Improvement Fund
Road Millage
Solid Waste Millage
Special Assessment District
Vehicle Millage
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				FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
Road Improvements								
<i>Major Road Improvements</i>								
Campbell - 12 Mile Intersection North	\$ 22,000 GF	\$ 22,000	MSF	\$ 0	\$ 50	\$ 50	\$ 50	\$ 50
14 Mile - Asphalt Overlay - Campbell to Stephenson	1,510,000 Grant/OCRC	1,510,000	OCRC	0	50	50	50	50
12 Mile - Asphalt Overlay - Stephenson to Dequindre	2,800,000 Grant/OCRC	0	OCRC	0	0	50	50	50
John R - Overlay 11 Mile to 12 1/2	1,815,000 GF/Grant	1,815,000	MSF	0	0	0	100	100
<i>Traffic Signal Upgrades</i>								
Traffic Signal Improvements	130,000 MSF	10,000	MSF	50	50	50	50	50
<i>Rehabilitation Programs</i>								
Joint & Crack Sealing - City Wide Major	375,000 MSF	75,000	MSF	100	100	100	100	100
John R Sectional - 11 Mile to 12 1/2	100,000 GF	100,000	GF	100	100	100	100	100
11 Mile Sectional- I-75 to John R	250,000 GF	250,000	GF	100	100	100	100	100
11 Mile Sectional- John R to Dequindre	250,000 GF	250,000	GF	100	100	100	100	100
John R Sectional - 10 Mile to 11 Mile	350,000 GF	350,000	GF	100	100	100	100	100
Campbell 12-13 Mile Curb Repairs	150,000 GF	150,000	GF	100	100	100	100	100
Sidewalk Replacement & Gap Installation	1,320,000 SAD	420,000	SAD	100	100	100	100	100
13 Mile Sectional - Campbell to Dequindre	100,000 SAD	100,000	MSF	0	0	50	50	50
<i>Commercial and Industrial Road Projects</i>								
Whitcomb Sectional- John R to Dequindre	325,000 MSF	225,000	MSF	100	100	100	100	100
Whitcomb Sectional - East of Stephenson	25,000 MSF	25,000	MSF	100	100	100	100	100
Industrial - Fourteen to East Avis	200,000 MSF	200,000	MSF	100	100	100	100	100
Commercial & Industrial Sectional Concrete Replacement	250,000 MSF	50,000	MSF	100	100	100	100	100
<i>Equipment Replacement</i>								
2004 One Ton Dump Truck #431	60,000 VM	60,000	MSF	100	100	100	100	100
2003 Tandem Dump Trucks V - Box Inserts #418 & #422	150,000 MSF	150,000	MSF	100	100	100	100	100
2003 Street Sweeper #402	209,000 SM	0	SM	0	100	100	100	100
1999 Ford Single Axle Dump Truck #479	180,000 SM	0	GF	0	100	100	100	100
2003 Platform Truck #429	150,000 VM	0	MSF	0	100	100	100	100
2003 Tandem Dump Truck #417	240,000 VM	0	MSF	0	100	100	100	100
2003 Tandem Dump Truck #418	240,000 VM	0	MSF	0	0	100	100	100
2002 Stake Truck #415	150,000 VM	0	MSF	0	0	0	100	100
2003 Tandem Dump Truck #419	240,000 GF	0	MSF	0	0	0	100	100
2003 Single Axle Dump #424	180,000 GF	0	SM	0	0	0	0	100
2003 Backhoe #407	98,000 GF	0	MSF	0	0	0	0	100
2003 Tandem Dump Truck #422	240,000 VM	0	MSF	0	0	0	0	100
2003 Single Axle Dump # 425	150,000 GF	0	MSF	0	0	0	0	100
2002 Brush Bandit Chipper #410	80,000 SM	0	SM	0	0	0	0	100
2006 Super Duty Dump Truck #481	75,000 GF	0	MSF	0	0	0	0	100
2004 Brush Chipper Truck #525	125,000 SM	0	SM	0	0	0	0	100
Total Road Improvements	\$ 12,539,000	\$ 5,762,000		\$ 1,350	\$ 1,850	\$ 2,050	\$ 2,350	\$ 3,050

Legend:

Advanced Life Support Millage
General Fund
Grant Funding
Local Street Fund
Major Street Fund
Oakland County Road Commission
Oakland County Parks
Park Improvement Fund
Road Millage
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				FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
Collection & Distribution System								
Watermains/Meters								
Hampden - 11 Mile to Andover	\$ 245,000 WS	\$ 245,000	WS	\$ 0	\$ 100	\$ 100	\$ 100	\$ 100
Palmer - North Dead End to 11 Mile	229,000 WS	229,000	WS	0	100	100	100	100
Brush - 11 Mile to Royal Park Lane	342,000 WS	0	WS	0	0	100	100	100
Barrington - 11 Mile to Andover	256,000 WS	0	WS	0	0	100	100	100
Harwood - John R to Progress	378,000 WS	0	WS	0	0	0	100	100
Fourteen Mile - Palmer to John R	180,000 WS	0	WS	0	0	0	100	100
Longfellow - Garry to Brown	153,000 WS	0	WS	0	0	0	0	100
Dartmouth - 11 Mile to Andover	256,000 WS	0	WS	0	0	0	0	100
Garry-Longfellow to Sherry	346,000 WS	0	WS	0	0	0	0	0
Sewer Projects								
Sewer Rehabilitation/Replacement	150,000 WS	0	WS	0	50	50	50	50
Replacements								
1998 Ford Vactor #468	380,000 WS	0	WS	0	0	300	300	300
2000 GMC W 4500 Van #458	60,000 WS	0	WS	0	0	300	300	300
2001 Tandem Axle Dump #464	225,000 WS	0	WS	0	0	300	300	300
Facilities								
DPS Roof Section Repairs	5,000 WS	5,000	WS	0	300	300	300	300
DPS Water & Sewer Roof Replacement	225,000 WS	225,000	WS	0	300	300	300	300
DPS Salt Dome Containment System Rehab	80,000 WS	0	WS	0	0	300	300	300
DPS Garage Air Curtain	30,000 WS	0	WS	0	0	0	300	300
Total Collection & Distribution System	\$ 3,540,000	\$ 704,000		\$ 0	\$ 850	\$ 2,250	\$ 2,750	\$ 2,950

Legend:

Advanced Life Support Millage
General Fund
Grant Funding
Local Street Fund
Major Street Fund
Oakland County Road Commission
Oakland County Parks
Park Improvement Fund
Road Millage
Solid Waste Millage
Special Assessment District
Vehicle Millage
Water and Sewer Fund

ALSM
GF
Grant
LSF
MSF
OCRC
OCP
PIF
RM
SM
SAD
VM
WS

TABLE XIII
FY 2013-17 FIVE YEAR CAPITAL IMPROVEMENT PLAN
CAPITAL IMPROVEMENT IMPACTS ON ANNUAL OPERATING COSTS

PROJECT DESCRIPTION	CAPITAL OUTLAY		Estimated Annual Operating Costs (Including Debt Repayment)					
	TOTAL COST/ FUNDING SOURCE	PROPOSED BUDGET FY 2012-13	PROPOSED METHOD OF FUNDING					
				FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
Public Safety								
<i>Police</i>								
Replace Police Station Roof	15,000 GF	15,000	GF	0	300	300	300	300
<i>Fire</i>								
City Bldgs. Fire Detection & Suppression Systems	336,000 GF	146,000	GF	0	300	300	300	300
2002 Chevy Pickup 3500 #704	35,000 GF	0	GF	0	0	300	300	300
2002 Ambulance Rescue #713	267,000 VM	0	ALSM	0	0	300	300	300
Emergency Operations Center Improvements	60,000 GF/GRANT	0	GF	0	0	0	0	0
Total Public Safety	\$ 713,000	\$ 161,000		\$ 0	\$ 600	\$ 1,200	\$ 1,200	\$ 1,200

Legend:

Advanced Life Support Millage
General Fund
Grant Funding
Local Street Fund
Major Street Fund
Oakland County Road Commission
Oakland County Parks
Park Improvement Fund
Road Millage
Solid Waste Millage
Special Assessment District
Vehicle Millage
Water and Sewer Fund

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VM
WS

TABLE XIII
FY 2013-17 FIVE YEAR CAPITAL IMPROVEMENT PLAN
CAPITAL IMPROVEMENT IMPACTS ON ANNUAL OPERATING COSTS

PROJECT DESCRIPTION	CAPITAL OUTLAY		Estimated Annual Operating Costs (Including Debt Repayment)						
	TOTAL COST/ FUNDING SOURCE	PROPOSED BUDGET FY 2012-13	PROPOSED METHOD OF FUNDING						
				FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	
General Gov't & Economic Dev.									
<i>Civic Center/City Wide</i>									
City Hall On Site Generator	\$ 125,000 GF	\$ 0	GF	\$ 0	\$ 0	\$ 0	\$ 50	\$ 50	
City Hall North Entrance Canopy	\$ 75,000 GF	0	GF	0	0	0	0	0	
<i>Information Technology</i>									
City Wide Upgrade Microsoft Office	30,000 GF	30,000	GF	0	50	50	50	50	
City Wide 25 Microcomputer Replacements	16,000 GF	16,000	GF	0	50	50	50	50	
City Hall Council Chamber Audio upgrade	40,000 GF	40,000	GF	0	0	50	50	50	
Wireless Network Access for Field Workers	20,000 GF	0	GF	0	0	0	50	50	
City Hall Computer Cabling Upgrade	50,000 GF	0	GF	0	0	0	50	50	
<i>Economic Development</i>									
Oakland County Brownfield Consortium	100,000 Grant	0	SAD	0	0	0	0	0	
Total Gen. Gov't & Econ. Dev.	\$ 456,000	\$ 86,000		\$ 0	\$ 100	\$ 150	\$ 300	\$ 300	

Legend:

Advanced Life Support Millage
General Fund
Grant Funding
Local Street Fund
Major Street Fund
Oakland County Road Commission
Oakland County Parks
Park Improvement Fund
Road Millage
Solid Waste Millage
Special Assessment District
Vehicle Millage
Water and Sewer Fund

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TABLE XIII
FY 2013-17 FIVE YEAR CAPITAL IMPROVEMENT PLAN
CAPITAL IMPROVEMENT IMPACTS ON ANNUAL OPERATING COSTS

PROJECT DESCRIPTION	CAPITAL OUTLAY		Estimated Annual Operating Costs (Including Debt Repayment)					
	TOTAL COST/ FUNDING SOURCE	PROPOSED BUDGET FY 2012-13	PROPOSED METHOD OF FUNDING					
				FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
Leisure & Human Services								
<i>Park Projects</i>								
Friendship Woods - Trail Cutback	\$ 26,000 OCP/PIF	\$ 5,000	GF	\$ 0	\$ 50	\$ 50	\$ 50	\$ 50
Friendship Woods - Tree Cutting	60,000 OCP/PIF	60,000	GF	0	0	500	500	500
Skate Park Rehabilitation	12,000 SAD	12,000	GF	50	50	50	50	50
Multiple Park - Sectional Path Replacement	45,000 GF	45,000	GF	50	50	50	50	50
Red Oaks - Walk/Bike Connection	179,000 OCP/Grant	0	GF	50	50	50	50	50
Friendship Woods - Parking Lot Resurfacing	100,000 OCP/PIF	0	GF	0	500	500	500	500
Friendship Woods - 2" Trail Overlay	26,000 OCP/PIF	0	GF	0	500	500	500	500
Wildwood Park - Playscape Replacement	100,000 GF	0	GF	0	0	500	500	500
Civic Center Park - Totscape, New Swings & Soft Fall Surface	50,000 GF	0	GF	0	0	50	50	50
Huffman Park - Building Furnace Replacement	7,000 GF	0	GF	0	0	50	50	50
Friendship Woods - Nature Center Roof	30,000 OCP/PIF	0	GF	0	0	0	500	500
Property Acquisition	150,000 Grant/GF	0	GF	0	0	0	500	500
Walk/Bike Path Construction	583,000 GF/GRANT	0	GF	0	0	0	0	500
Rosies Park - Hales Parking Lot Overlay	75,000 GF/GRANT	75,000	GF	0	0	0	25	25
<i>Seniors/Senior Center</i>								
2003 25 Passenger Bus #443	75,000 GF	0	GF	0	50	50	50	50
2002 Blue Bird Bus #471	200,000 GF	0	GF	0	0	50	50	50
Close South Senior Center Driveway	100,000 GF	0	GF	0	0	0	0	50
Total Leisure & Human Services	\$ 1,818,000	\$ 197,000		\$ 150	\$ 1,250	\$ 2,400	\$ 3,425	\$ 3,975
TOTAL ALL FUNDS	\$ 31,551,000	\$ 9,193,000		\$ 6,000	\$ 9,150	\$ 16,050	\$ 21,525	\$ 24,975

Legend:

Advanced Life Support Millage
General Fund
Grant Funding
Local Street Fund
Major Street Fund
Oakland County Road Commission
Oakland County Parks
Park Improvement Fund
Road Millage
Solid Waste Millage
Special Assessment District

ALSM
GF
Grant
LSF
MSF
OCCRC
OCP
PIF
RM
SM
SAD

TABLE XIV
FY 2013-17 FIVE YEAR FINANCIAL FORECAST
PROJECTED CAPITAL OUTLAY PURCHASES
GENERAL FUND PROJECT FUNDING
(IN THOUSANDS)

ITEM	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	TOTAL
ROAD IMPROVEMENTS						
Campbell - 12 Mile Intersection North	\$ 22	\$ 0	\$ 0	\$ 0	\$ 0	\$ 22
John R Overlay 11 Mile to 12 1/2	214	214	214	0	0	642
REHABILITATION PROGRAMS						
John R Sectional - 11 Mile to 12 1/2	100	0	0	0	0	100
11 Mile Sectional - I-75 to John R	250	0	0	0	0	250
11 Mile Sectional - John R to Dequindre	250	0	0	0	0	250
John R Sectional - 10 Mile to 11 Mile	250	0	0	0	0	250
Campbell 12-13 Mile Curb Repairs	150	0	0	0	0	150
STREETS						
2004 One Ton Dump Truck #431	60	0	0	0	0	60
2005 Tandem Dump Truck V-Box Inserts #418 & #422	150	0	0	0	0	150
2003 Tandem Dump Truck #414	0	0	0	240	0	240
2003 Single Axle Dump Truck #424	0	0	0	180	0	180
2003 Backhoe #407	0	0	0	0	98	98
2003 Single Axle Dump Truck #425	0	0	0	0	150	150
2006 Super Duty Dump Truck #481	0	0	0	0	125	125
POLICE						
Replace Police Station Roof	15	0	0	0	0	15
FIRE						
City Bldgs. Fire Detection & Suppression Systems	146	115	75	0	0	336
2002 Chevy Pickup 3500 #704	0	35	0	0	0	35
Emergency Operations Center Improvements	0	0	0	30	0	30
CIVIC CENTER / CITY WIDE						
City Hall On-Site Generator	0	0	125	0	0	125
City Hall North Entrance Canopy	0	0	0	0	75	75
INFORMATION TECHNOLOGY						
City Wide Upgrade Microsoft Office	23	0	0	0	0	23
City Wide 25 Microcomputer Replacements	16	0	0	0	0	16
City Hall Council Chamber Audio Playback System Upgrade	40	0	0	0	0	40
Wireless Network Access For Field Workers	0	0	0	20	0	20
City Hall Computer Cabling Upgrade	0	0	0	0	50	50
PARK PROJECTS						
Multiple Park - Sectional Path Replacement	45	0	0	0	0	45
Rosies Park - Hales Parking Lot Overlay	75	0	0	0	0	75
Wildwood Park - Playscape Replacement	0	0	0	100	0	100
Civic Center Park - Totscap, New Swings & Soft Fall Surfacing	0	0	0	50	0	50
Huffman Park - Building Furnace Replacement	0	0	0	7	0	7
Walk/Bike Path Construction	0	0	0	0	292	292
SENIORS/SENIOR CENTER						
2003 25 Passenger Bus #443	0	75	0	0	0	75
2002 Blue Bird Bus #471	0	0	200	0	0	200
Close South Senior Center Driveway	0	0	0	0	100	100
TOTALS	\$ 1,806	\$ 439	\$ 614	\$ 627	\$ 890	\$ 4,376

Note: Excludes Solid Waste, Proposal "ALS" and Proposal "V" funded Vehicle purchases. See Tables III and X

TABLE XV
FY 2013-2017 FIVE YEAR CAPITAL IMPROVEMENT PLAN
COMPUTER REPLACEMENT PLAN

DEPARTMENT/ DIVISION	LOCATION	STATUS	CLASS	SPEED	YEAR PURCHASED	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
City Council	Council		Pentium	866	2000		R			
City Council	Home-Laptop	C	Pentium	1800	2007		N			
City Council	Home-Laptop	C	Pentium	1800	2009		N			
City Council	Home-Laptop	C	Pentium	1600	2007		N			
City Council	Home-Laptop	C	Pentium	1600	2006		N			
City Council	Home-Laptop	C	Pentium	1900	2008		N			
City Council	Home-Laptop	C	Pentium	1800	2007		N			
City Council	Home-Laptop	C	Pentium	1800	2007		N			
City Manager	Laptop-Council Meeting	C	Pentium	2200	2008		R			
City Manager	Exec Assistant	C	Pentium	2300	2011					N
City Manager	City Manager	C	Pentium	2300	2011					N
Assessing	Assessor	C	Pentium	2300	2008			N		
City Clerk	Office Ass't II-Voting		Pentium	2400	2005					N
City Clerk	Counter	C	Pentium	2000	2006					R
City Clerk	Scan Station	C	Pentium	2800	2005					R
City Clerk	City Clerk-Tablet	C	Pentium	1200	2008		N			
City Clerk	Imaging	C	Pentium	2800	2006		R			R
Personnel	Personnel Coordinator	C	Pentium	2200	2008					R
Personnel	HR Director	C	I5	8400	2011					N
Purchasing	Purchasing Office		Pentium	3000	2006			R		R
Purchasing	Cable	C	Pentium	2800	2006	R				R
Finance	Deposit		Pentium	3000	2006			R		R
Finance	Counter		Pentium	866	2000			R		R
Finance	Fiscal Ass't I	C	I5	8400	2011				N	
Finance	Fiscal Ass't II	C	I5	8400	2011				N	
Finance	Deputy	C	I5	8400	2011				N	
Finance	Accountant	C	I5	8400	2011				N	
Finance	Fiscal Ass't II	C	I5	8400	2011				N	
Finance	Fiscal Ass't II	C	I5	8400	2011				N	
Finance	Director	C	I5	8400	2010				N	
Finance	Fiscal Ass't II	C	I5	8400	2011				N	
Finance	Register	C	I5	8400	2011			R		R
Information Tech	Laptop - Spare	C	Pentium	2800	2005					
Information Tech	Laptop - Spare - ELECTION		Pentium	900	2001		R			R
Information Tech	Laptop - Spare - ELECTION		Pentium	900	1999		R			R
Information Tech	Financial Server/AMR	C	I5	3000	2010					N
Information Tech	File Server - Active Directory	C	Pentium	2800	2006		N			
Information Tech	MIS Administrator	C	I5	3000	2011					N
Information Tech	Info. Systems Specialist	C	I5	3000	2011					N
Information Tech	Imaging File Server	C	Pentium	3000	2006		N			
Information Tech	File Server - Active Directory	C	Pentium	2800	2006		N			
Information Tech	Video Server		Pentium	2400	2003				R	
Information Tech	Laptop - (PT Code Enforcement)	C	Pentium	1600	2004					
DPS-Bldg. Maint.	Supervisor	C	Pentium	2800	2005	N				
Police	Gas Boy		866	2000	2007				R	
Police	Training Officer	C	Pentium	3000	2005	N				
Police	Imaging	C	Pentium	3000	2006		N			
Police	Special Investigations	C	Pentium	3000	2005	N				
Police	Special Investigations	C	Pentium	3000	2006		N			
Police	Station Officer	C	Pentium	3000	2006		N			
Police	DB Office Ass't II	C	Pentium	3000	2005	N				
Police	Crime Prevention Office		Pentium	1000	2001	R			R	
Police	DB Lieutenant	C	Pentium	3000	2006		N			
Police	K9	C	Pentium	1000	2001	R				

N=NEW
R=ROTATED
C=CORE COMPUTER

TABLE XV
FY 2013-2017 FIVE YEAR CAPITAL IMPROVEMENT PLAN
COMPUTER REPLACEMENT PLAN

DEPARTMENT/ DIVISION	LOCATION	STATUS	CLASS	SPEED	YEAR PURCHASED	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
Police	DB Sergeant	C	Pentium	3000	2005	N				
Police	DB Sergeant	C	Pentium	3000	2005	N				
Police	DB Sergeant	C	Pentium	3000	2005	N				
Police	DB Sergeant	C	Pentium	3000	2005	N				
Police	Info. System Specialist	C	Pentium	3000	2005	N				
Police	DB Sergeant	C	Pentium	3000	2005	N				
Police	Records Office Ass't II	C	Pentium	3000	2006		N			
Police	1ST Shift Lieutenant	C	Pentium	3000	2006		N			
Police	2ND Shift Lieutenant	C	Pentium	3000	2006		N			
Police	3RD Shift Lieutenant	C	Pentium	3000	2006		N			
Police	Laptop/Training	C	Pentium	1667	2006		N			
Police	Dispatch Front Desk	C	Pentium	3000	2006		N			
Police	Deputy Chief	C	Pentium	3000	2006		N			
Police	Youth Bureau	C	Pentium	3000	2005	N				
Police	Records	C	Pentium	3000	2005	N				
Police	Conference Room		Pentium	3000	2005				R	
Police	Admin. Secretary	C	Pentium	3000	2005	N				
Police	Chief	C	Pentium	3000	2006		N			
Police	Gun Registration	C	Pentium	3000	2006		N			
Police	Dispatch NWS	C	Pentium	2000	2005					R
Police	Reserves		Pentium	600	1999	R		R		R
Police	Reserves		Pentium	600	1999	R		R		R
Police	Reserves		Pentium	300	1997	R		R		R
Fire	Station #2 Report Desk	C	Pentium	1000	2001	N				
Fire	Scan Station	C	Pentium	1000	2001		R			R
Fire	Inspector - Tablet	C	Celeron	1000	2006	N				
Fire	Report Desk	C	Pentium	1000	2001	N				
Fire	Office Ass't II	C	Pentium	1000	2001	R			R	
Fire	Station #2 Officer	C	Pentium	1000	2001	R				
Fire	Officer Room #1	C	Pentium	1000	2001	R				
Fire	Chief	C	Pentium	1000	2001	N				
Fire	Training		Pentium	1800	2007		N			
Fire	Hazmat-Laptop		Pentium	1800	2002				R	
Fire	Fire Dispatch Laptop	C	Pentium	1830	2006		N			
Fire	Fire Dispatch Laptop	C	Pentium	1830	2006		N			
Fire	Fire Dispatch Laptop	C	Pentium	1830	2006		N			
Fire	Fire Dispatch Laptop	C	Pentium	1830	2006		N			
CDD	Laptop Elec. Insp.	C	Pentium	2800	2009			N		
CDD	Laptop Bldg. Insp.	C	Pentium	2800	2010				N	
CDD	Contract Inspector		Pentium	2300	2008			R		R
CDD	Counter		I5	8400	2008			R		R
CDD	Counter		Pentium	866	2000			R		N
CDD	Director - Laptop	C	Pentium	2300	2011					N
CDD	Imaging	C	Pentium	2300	2008		N			
CDD	GIS ARC IMS	C	Pentium	2000	2006			N		
CDD	GIS Technician	C	Pentium	2000	2006		N			
CDD	Contract Inspector	C	I5	2300	2011			R		
CDD	Microfiche	C	Pentium	2300	2008				R	
CDD	Office Ass't II	C	Pentium	2300	2008		N			
CDD	Deputy Director	C	Pentium	2000	2007		N			
CDD	Admin. Secretary	C	Pentium	2300	2008		N			

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TABLE XV
FY 2013-2017 FIVE YEAR CAPITAL IMPROVEMENT PLAN
COMPUTER REPLACEMENT PLAN

DEPARTMENT/ DIVISION	LOCATION	STATUS	CLASS	SPEED	YEAR PURCHASED	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
CDD	Laptop Code Enforce	C	Pentium	2400	2010				N	
CDD	Econ. Dev. Position	C	Pentium	8400	2011					N
CDD	ARC IMS Server	C	Pentium	2800	2007		N			
CDD	Laptop - GIS Offsite	C	Pentium	2800	2002			R		
CDD	Crime Scene Investigation	C	Pentium	1883	2006	N				
Fire	911 Mapping GIS	C	Pentium	1883	2006		N			
DPS-Streets	Recreation Registration		Pentium	1600	2002	R				
DPS	DPW Supervisor		Pentium	2800	2005				R	
DPS-Streets	Streets Coordinator		Pentium	2800	2005				R	
DPS-Streets	Deputy City Manager	C	I5	8400	2011					
DPS-Streets	Office Ass't II	C	Pentium	3000	2008		R			
DPS-Streets	Admin. Secretary	C	I5	8400	2011					
DPS-Streets	Laptop	C	Pentium		2009			N		
DPS-Streets	Equip. Operator 3	C	Pentium	2400	2004	R			N	
DPS-Recreation	Recreation Coord.		Pentium	2000	2004	N				
DPS-Recreation	Counter	C	Pentium	2800	2005	R				
DPS-Recreation	Part Time	C	Pentium	2800	2005	N				
DPS-Recreation	Counter	C	Pentium	2800	2005	R				
DPS-Nature Center	Floor		Pentium	233	1997	R			R	
DPS-Nature Center	Audio-Visual		Pentium	350	1998	R			R	
DPS-Nature Center	Part Time		Pentium	2000	2002	R			R	
DPS-Parks	Part Time		Pentium	2800	2005		R			
Seniors	Part Time		Pentium	2500	2009		R			
Seniors	Office Ass't I	C	Pentium	2500	2009		N			
Seniors	Coordinator	C	I3	8400	2011					N
Main Library	Adult Room Internet	C	Pentium	2200	2007					
Main Library	Adult Room Internet	C	Pentium	2200	2007					
Main Library	Child Room Internet	C	Pentium	2800	2004					N
Main Library	Circulation Ass't	C	Pentium	2100	2008	N				
Main Library	Child East Catalog	C	Pentium	2800	2006			R		
Main Library	Child West Catalog	C	Pentium	866	2000			R		
Main Library	Backroom West		Pentium	2800	2006			R		
Main Library	Backroom East		Pentium	2800	2006			R		
Main Library	Child Magazine	C	Pentium	2800	2004	N				
Main Library	Children Internet	C	Pentium	2800	2006	N				
Main Library	Children Public	C	Pentium	2800	2004	N				
Main Library	Adult Internet	C	Pentium	2000	2002					
Main Library	Adult Internet	C	Pentium	2200	2007					
Main Library	Adult Internet	C	Pentium	2200	2007					
Main Library	Adult Internet	C	Pentium	2800	2005					
Main Library	Library Staff	C	Pentium	866	2000					N
Main Library	Counter Side	C	Pentium	2800	2006					N
Main Library	Counter Side	C	Pentium	866	2000					N
Main Library	Library Technician	C	Pentium	2100	2008		N			
Main Library	Children Lib.	C	Pentium	2100	2008		N			
Main Library	Adult Reference	C	Pentium	2100	2008		N			
Main Library	Adult Reference	C	Pentium	2100	2008		N			
Main Library	Librarian	C	Pentium	2800	2006	N				
Main Library	Adult Librarian	C	Pentium	2100	2008		N			
Main Library	Counter North	C	Pentium	2100	2008		N			
Main Library	Counter South	C	Pentium	2100	2008		N			
Main Library	Youth Staff	C	Pentium	2100	2008		N			

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TABLE XV
FY 2013-2017 FIVE YEAR CAPITAL IMPROVEMENT PLAN
COMPUTER REPLACEMENT PLAN

DEPARTMENT/ DIVISION	LOCATION	STATUS	CLASS	SPEED	YEAR PURCHASED	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
Main Library	Adult Public Cat.	C	Pentium	866	2002					N
Main Library	Adult Public Cat.	C	Pentium	866	2000					N
Main Library	Adult Public Express	C	Pentium	2800	2004					N
Main Library	Adult Public Express	C	Pentium	2200	2007					N
CIP Housing	Supervisor	C	Pentium	2300	2008		N			
CIP Housing	Housing Aide	C	Pentium	2300	2008		N			
W/S Administration	Water Room	C	Pentium	2000	2002	R		R		R
W/S Administration	Coordinator	C	Pentium	3000	2005				N	
Motor Pool	Laptop		Pentium	500	2000			R		R
Motor Pool	Supervisor	C	Pentium	2000	2002	R			N	
Motor Pool	Parts	C	Pentium	2000	2002	R			N	
TOTAL					NEW	25	26	4	24	19
					ROTATE	19	8	18	12	25

GIS/A.M. TECHNOLOGICAL PERIPEHRALS

ITEM	COMPANY	MODEL	YEAR PURCH	DEPT	REPLACE CYCLE LENGTH	YEAR TO REPLACE
Plotter	HP	1055CM	2000-01	CDD	8	2012-2013
Plotter	HP	1055CM	2000-01	DPS	8	2013-14
Printer	OKI	9600	2005-06	DPS	5	N/A
GPS	TRIMBLE	5700	2000-01	CDD	10	2013-14

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TABLE XVI
FY 2013-2017 FIVE YEAR CAPITAL IMPROVEMENT PLAN
FIVE YEAR VEHICLE AND EQUIPMENT REPLACEMENT PLAN

		VEH	LAST YEAR PURCH	Over \$30K	REPLACE CYCLE	12-	13-	14-	15-	16-	NEXT REPLACED
DEPARTMENT	VEHICLE	#			LENGTH	13	14	15	16	17	
PD-Detective	Ford Taurus	100	2001-02		7				X		18-19
PD-Radar	Ford Crown Vic	102	2010-11		N.F.			X			N.F.
PD-Radar	Dodge Charger	103	2005-06		N.F.	X					N.F.
PD-Patrol	Chevy Impala	104	2005-06		N.F.	X			X		N.F.
PD-Patrol	Ford Crown Vic	105	2010-11		N.F.			X			N.F.
PD-Patrol	Ford Crown Vic	106	2011-12		N.F.			X			N.F.
PD-Patrol	Ford Crown Vic	107	2005-06		N.F.	X			X		N.F.
PD-Patrol	Ford Crown Vic	108	2011-12		N.F.			X			N.F.
PD-Patrol	Ford Crown Vic	109	2006-07		N.F.	X			X		N.F.
PD-Patrol	Ford Crown Vic	110	2010-11		N.F.		X			X	N.F.
PD-Patrol	Ford Explorer	111	2009-10		N.F.						N.F.
PD-A.I.T.	Ford Crown Vic	112	2011-12		N.F.			X			N.F.
PD-A.I.T.	Ford Crown Vic	113	2009-10		N.F.		X			X	N.F.
PD-Patrol Sup.	Ford Explorer	114	2002-03		5		X				18-19
PD-Canine Unit	Ford Crown Vic	116	2011-12		4				X		19-20
PD-Mtr. Carrier	Chevy Astro Van	117	1999-00		10			X			24-25
PD-Animal CTL	Chevy G20 Van	119	2011-12	X	9						20-21
PD-Admin	Chevy Impala	121	2001-02		7		X				20-21
PD-Detective	Pontiac Grand AM	123	2001-02		7		X				20-21
PD-Admin	Chrysler Sebring	124	2001-02		7		X				20-21
PD-Detective	Chevrolet Malibu	125	2006-07		7				X		22-23
PD-Detective	Dodge Stratus	126	2003-04		7			X			21-22
PD-Detective	Dodge Caravan	133	2006-07		5		X				20-21
PD-SIU	Chevy S-10 Pickup	138	2002-03		13				X		28-29
PD-Reserves Sgt	Ford Crown Vic	140	1999-00		Rotation						Rotation
PD-Reserves	Ford Crown Vic	141	2000-01		Rotation						Rotation
PD-Reserves	Ford Crown Vic	142	2001-02		Rotation						Rotation
PD-Reserves	Ford Crown Vic	143	2002-03		Rotation						Rotation
PD-Reserves	Ford Crown Vic	144	1998-99		Rotation						Rotation
PD-Reserves	Ford Crown Vic	145	1999-00		Rotation						Rotation
PD-Reserves	Dodge Diplomat (Historical)	146	1988-89		N/A						N/A
PD-Reserves	Ford Crown Vic	147	2001-02		Rotation						Rotation
PD-Patrol	Harley Davidson	160	2006-07		7		X				20-21
PD-Patrol	Harley Davidson	161	2006-07		7		X				20-21
PD-Patrol	Peace Keeper A.P.C.	170	2000-01		N/A						N/A
Streets	Wanco Solar Arrow	257	2011-12		20		X				31-32
Streets	Concrete Drop Hammer	261	1999-00		20						19-20
Parks	Utility Maint. Cart	281	1993-94		13		X				26-27
Parks	Senior/Handicap Transportation Cart	282	1993-94		13		X				26-27
Sewer	Trailer Air Compressor	300	1996-97		15		X				28-29
Parks	Toro Snowblower	314	2002-03		20						22-23
Streets	Wanco Solar Arrow	318	2000-01		20						20-21
Motorpool	Clark Fork Lift	320	1997-98	X	30						27-28
Parks	EX-Mark Mower	325	2008-09		7				X		22-23
Water	Trailer Welder Miller	329	1982-83		N/A						N/A
Streets	175 CFM Compressor	330	2003-04		15						18-19
Sewer	4 Inch Trash Pump	336	2003-04		10		X				23-24
Streets	Cement Saw Dimas	339	2005-06		20						25-26
Solid Waste	Leaf Loader Trailer	351	2007-08	X	20						27-28
Solid Waste	Leaf Loader Trailer	352	1999-00	X	20						19-20
Solid Waste	Leaf Loader Trailer	354	2001-02	X	20						21-22
Solid Waste	Leaf Loader Trailer	355	2001-02	X	20						21-22
Solid Waste	Leaf Loader Trailer	357	2007-08	X	20						27-28
Water	Case 60 Trencher	362	1996-97		N/A						N/A
Parks	EX-Mark Mower	363	2011-12		7						18-19
Parks	Polaris ATV	364	2010-11		7						17-18
Parks	Ex-Mark Mower	367	2010-11		7						17-18
Parks	EX-Mark Mower	368	2009-10		7					X	23-24
Streets	Asphalt Roller Vibrator	369	1999-00		15			X			29-30
Streets	Asphalt Paver Layton	371	1999-00	X	20						19-20
Parks	Toro 580D 16Ft Mower	372	2002-03		15						17-18

N.F.=New Formula replaced only after 70,000 miles

TABLE XVI
FY 2013-2017 FIVE YEAR CAPITAL IMPROVEMENT PLAN
FIVE YEAR VEHICLE AND EQUIPMENT REPLACEMENT PLAN

		VEH	LAST YEAR PURCH	Over \$30K	REPLACE CYCLE	12- 13	13- 14	14- 15	15- 16	16- 17	NEXT REPLACED
DEPARTMENT	VEHICLE	#			LENGTH						
Parks	EX-Mark Mower - Narrow	373	2007-08		10						17-18
Streets	Solar Arrow	374	2008-09		20						28-29
Parks	Trailer	382	2002-03		15						17-18
Solid Waste	Street Sweeper Cross Wind	402	2003-04	X	8		X				21-22
Streets	4 YD. Loader CAT	404	2003-04	X	17						20-21
Water	3 YD. Loader CAT	405	2003-04	X	16						19-20
Solid Waste	Brush Bandit Chipper	406	2005-06	X	15						20-21
Streets	CAT Backhoe	407	2003-04	X	13					X	29-30
Solid Waste	Street Sweeper Whirl Wind	408	2011-12	X	8						19-20
Streets	CAT Loader 3 Yrd	409	2003-04	X	15						18-19
Solid Waste	Brush Bandit Chipper	410	2001-02	X	15					X	31-32
Library	Chevy Lumina	412	1999-00		10		X				23-24
Solid Waste	Pontiac Bonneville	413	2003-04		10		X				23-24
Streets	Stake Truck Ford	415	2003-04	X	12				X		27-28
Motor Pool	Crown Victoria (former Police)	416	2004-05		Rotation						Rotation
Streets	Tandem Dump Truck	417	2003-04	X	10		X				23-24
Streets	Tandem Dump Truck	418	2003-04	X	11			X			25-26
Streets	Tandem Dump Truck	419	2003-04	X	12				X		27-28
Streets	Chevy 3/4 Ton Pickup	420	2003-04		11			X			25-26
Streets	Tandem Dump Truck	422	2003-04	X	13					X	29-30
Water	Chevy 3/4 Ton Pickup	423	2003-04		11			X			25-26
Solid Waste	Single Axle Dump	424	2003-04	X	12				X		27-28
Streets	Single Axle Dump	425	2003-04	X	13					X	29-30
Streets	Single Axle Dump	426	2003-04	X	14						17-18
Streets	Platform Truck	429	2003-04	X	10		X				23-24
Motorpool	3/4 Ton Pickup	430	1999-00		20						19-20
Streets	One Ton Dump Truck	431	2003-04	X	10	X					22-23
Streets	Chevy 3/4 Ton Pickup	432	2001-02		9		X				22-23
Streets	Tandem Dump Truck	433	2003-04	X	14						17-18
Motorpool	Chevy Pickup	434	2006-07		10					X	26-27
Streets	Van Building Mnt.	435	2003-04		10	X					22-23
Streets	Chevy 3/4 Ton Pickup W/Plow	436	2003-04		9		X				22-23
Streets	Chevy 3/4 Ton Pickup	440	2003-04		10		X				23-24
Senior Citizn.	25 Passenger Bus Ford	443	2003-04	X	10		X				23-24
Recreation	Chevy Astro Van	444	2002-03		10		X				23-24
City Mgr.	Ford Explorer	447	2004-05		7		X				20-21
Court	Ford Crown Vic	448	2000-01		Rotation						Rotation
Water	Chevy Pickup	453	1999-00		10	X					22-23
Water	3/4 Ton Pickup	454	1998-99		N/A						N/A
Water	John Deere Backhoe	455	2005-06	X	13						18-19
Streets	Ford F250 3/4 Ton Pickup	457	2007-08		10						17-18
Water	GMC W 4500 Van	458	2002-03	X	10		X				23-24
Sewer	Ford 3/4 Ton Pickup	460	2009-10		10						19-20
Sewer	Chevy 2500 Pickup	461	1999-00		10	X					22-23
Sewer	One Ton Dump Truck	462	2011-12	X	13						24-25
Sewer	GMC Pickup	463	2001-02		10		X				23-24
Water	Tandem Axle Dump	464	2000-01	X	13		X				26-27
Sewer	Sterling Vactor	465	2003-04		15						18-19
Sewer	Sewer T.V. Trailer	466	2008-09	X	N/A						N/A
Sewer	Ford Vactor	468	1997-98	X	15		X				27-28
Senior Citizn.	Ford Van	469	2009-10		10						19-20
Senior Citizn.	Blue Bird Bus	471	2001-02	X	12			X			26-27
Parks	GMC Pickup	473	2003-04		10		X				23-24
Parks	GMC 4X4 Pickup	474	2001-02		10		X				23-24
Water	Ford F250 3/4 Ton Pickup	475	2007-08		10						18-19
Parks	Chevy S-10 Pickup	477	1998-99		7	X					19-20
Solid Waste	Ford Single Axle Dump Truck	479	1998-99	X	7		X				20-21
Senior Citizn.	GMC Rally Van	480	1995-96		10		X				23-24
Streets	Super Duty Dump Truck	481	2005-06	X	10					X	26-27
Senior Citizn.	Chevy Van	482	2001-02		10	X					22-23

N.F.=New Formula replaced only after 70,000 miles

TABLE XVI
FY 2013-2017 FIVE YEAR CAPITAL IMPROVEMENT PLAN
FIVE YEAR VEHICLE AND EQUIPMENT REPLACEMENT PLAN

DEPARTMENT	VEHICLE	VEH #	LAST YEAR	Over	REPLACE						NEXT REPLACED
			PURCH	\$30K	CYCLE	12- 13	13- 14	14- 15	15- 16	16- 17	
					LENGTH						
Code Enforce	Ford Ranger Pickup	483	2010-11		7						17-18
Parks	Chevy Colorado Pickup	484	2008-09		10						18-19
Parks	Chevy Pickup	485	1999-00		10	X					22-23
Parks	Volvo Loader	488	2003-04	X	17						20-21
Parks	Tractor Mower	489	1968-69		N/A						N/A
CDD Inspec.	Colorado Pickup	492	2007-08		7			X			21-22
CDD Supervis.	Chevrolet Trail Blazer	493	2005-06		7						18-19
CDD Inspec.	GMC Express Van 3500	494	2000-01		7		X				20-21
CDD Inspec.	Ford Ranger Pickup	496	2011-12		7						18-19
CDD ED./Sup.	Pontiac Grand AM	500	2002-03		10			X			24-25
Solid Waste	GMC Pickup	513	1996-97		Rotation						Rotation
Solid Waste	Brush Chipper Truck	525	2003-04	X	13					X	29-30
Senior Citizn.	Smart Bus	530	2006-07	X	N/A						N/A
Motor Pool	Em. Gen. Fire STA. 1	550	2003-04	X	15						18-19
Motor Pool	Em. Gen. Police	551	2005-06	X	15						20-21
Motor Pool	Em.Gen. DPS	552	2005-06	X	15						21-22
Motor Pool	Em. Gen. Fire Sta. 2	553	2005-06	X	15						21-22
Motor Pool	Em. Gen. Portable-1 / 1986 Trailer	554	1974-75		N/A						N/A
Motor Pool	Em. Gen. Portable-2	555	2004-05	X	15						19-20
Fire	Chevy Trail Blazer	700	2007-08		7			X			21-22
Fire	Chevy Blazer	701	2002-03		7		X				20-21
Fire	Ford F350 Pickup	702	2007-08		9					X	25-26
Fire	Chevy Pickup 3500	704	2001-02	X	9		X				22-23
Fire	Ambulance Rescue Truck	710	2011-12	X	9						20-21
Fire	Ambulance Rescue Truck	711	2009-10	X	9						18-19
Fire	Ambulance Rescue Truck (Backup)	713	2005-06	X	9			X			23-24
Fire	Pumper Pierce	721	2003-04	X	20						23-24
Fire	Pumper Pierce (Backup)	722	2002-03	X	20						22-23
Fire	Pumper Pierce	723	2006-07	X	20						26-27
Fire	Aerial Ladder E-One	730	1997-98	X	25						22-23
Fire	Hazmat Trailer	740	2006-07	X	15						21-22
Fire	Technical Rescue Trailer	741	2001-02	X	25						26-27
GRAND TOTAL						11	36	16	12	11	

APPENDICES

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FY 2012-13 Budget Resolution

A RESOLUTION TO ADOPT A BUDGET FOR MUNICIPAL PURPOSES FOR THE CITY OF MADISON HEIGHTS FOR THE FISCAL YEAR 2012-13 TO APPROPRIATE FUNDS FOR SAID PURPOSES AND TO PROVIDE FOR A LEVY OF TAXES FOR SAID BUDGET APPROPRIATIONS

WHEREAS, in accordance with Section 8.4 of the Charter of the City of Madison Heights, it is provided that the City Council shall adopt a budget for the fiscal year, appropriate funds for said purposes and provide for a levy of taxes for said Budget appropriations; and

WHEREAS, on May 14, 2012, a public hearing was held in accordance with Section 8.3 of the Charter of the City of Madison Heights, and the statutes of the State of Michigan for the fiscal year.

NOW, THEREFORE, BE IT RESOLVED as follows:

1. That the Budget hereto as Exhibit "A" is hereby adopted.
2. That the amounts set forth in said Budget are hereby appropriated for the purposes stated therein.
3. That 22.4250 mills per \$1,000 State Taxable Valuation on the real and personal property in the City of Madison Heights be levied to provide funds for said Budget for municipal purposes:

General Operating	10.0000
Neighborhood Road Improvements	2.0000
Vehicle Replacement	0.2500
Advanced Life Support	0.2500
Solid Waste	2.6457
Senior Citizens	0.4372
Police & Fire Pension	5.2954
Fire Stations Debt Obligation	0.5467
Library	1.0000
Total	<u>22.4250</u>

4. That the City of Madison Heights approves the imposition, by the City Treasurer, of a one percent (1%) property tax administration fee for all property taxes levied in Fiscal Year 2012-13 and for the imposition of a late penalty charged, when applicable, in accordance with Public Act 1982, specifically Michigan Compiled Laws, Section 211.44(7).
5. That the City of Madison Heights approves the levying of taxes to cover the necessary expenses for the operation of the Police and Fire Pension System.
6. That the City of Madison Heights assigns the authority to the City Manager and/or Assistant City Manager for Administrative Services to assign amounts for fund balance to be used for a specific purposes.
7. That the City of Madison Heights approves and establishes Water and Sewer Charges set forth in Exhibit "B".

BE IT FURTHER RESOLVED, that the City Manager is hereby authorized to make budgetary transfers within the appropriation centers established throughout the Budget, and all transfers between appropriations may be made only by further action of the Council, pursuant to the provisions of the Michigan Uniform Accounting and Budget Act.

EXHIBIT "A"
CITY OF MADISON HEIGHTS
ADOPTED BUDGET RESOLUTION
FISCAL YEAR 2012-13

EXPENDITURES		REVENUES	
GENERAL FUND			
General Government	\$ 8,315,974	Property Taxes and Fees	\$ 16,653,593
Public Safety	13,236,148	Intergovernmental Revenues	3,779,502
Community Services	3,183,590	Other	4,545,444
Culture and Recreation	1,602,435	Use of Fund Balance	<u>2,276,500</u>
Community Development	916,892		
TOTAL	<u>\$ 27,255,039</u>	TOTAL	<u>\$ 27,255,039</u>
MAJOR STREET FUND			
Program Expenditures	<u>\$ 3,255,027</u>	Intergovernmental Revenues	\$ 2,069,000
		Other	1,239,803
		Use of Fund Balance	<u>(53,776)</u>
TOTAL	<u>\$ 3,255,027</u>	TOTAL	<u>\$ 3,255,027</u>
LOCAL STREET FUND			
Program Expenditures	<u>\$ 3,171,853</u>	Property Taxes	\$ 1,534,417
		Intergovernmental Revenues	\$ 441,561
		Other	377,333
		Use of Fund Balance	<u>818,542</u>
TOTAL	<u>\$ 3,171,853</u>	TOTAL	<u>\$ 3,171,853</u>
PARKS MAINTENANCE & IMPROVEMENT FUND			
Program Expenditures	<u>\$ 64,645</u>	Other	\$ 16,000
		Use of Fund Balance	<u>48,645</u>
TOTAL	<u>\$ 64,645</u>	TOTAL	<u>\$ 64,645</u>
DOWNTOWN DEVELOPMENT AUTHORITY			
Program Expenditures	<u>\$ 77,139</u>	Property Taxes	\$ 86,169
		Other	0
		Use of Fund Balance	<u>(9,030)</u>
TOTAL	<u>\$ 77,139</u>	TOTAL	<u>\$ 77,139</u>
DRUG FORFEITURE FUND			
Program Expenditures	<u>\$ 59,900</u>	Intergovernmental Revenues	\$ 55,500
		Other	0
		Use of Fund Balance	<u>4,400</u>
TOTAL	<u>\$ 59,900</u>	TOTAL	<u>\$ 59,900</u>

COMMUNITY IMPROVEMENT FUND

Program Expenditures	<u>\$ 1,982,606</u>	Intergovernmental Revenues	\$ 1,374,775
		Other	18,000
		Use of Fund Balance	<u>589,831</u>
TOTAL	<u>\$ 1,982,606</u>	TOTAL	<u>\$ 1,982,606</u>

FIRE MANNING GRANT FUND

Program Expenditures	<u>\$ 119,506</u>	Intergovernmental Revenues	<u>\$ 119,506</u>
TOTAL	<u>\$ 119,506</u>	TOTAL	<u>\$ 119,506</u>

SPECIAL ASSESSMENT REVOLVING

Program Expenditures	<u>\$ 516,915</u>	Other	\$ 350,700
		Use of Fund Balance	<u>166,215</u>
TOTAL	<u>\$ 516,915</u>	TOTAL	<u>\$ 516,915</u>

FIRE STATIONS CONSTRUCTION AND BOND

Program Expenditures	<u>\$ 423,758</u>	Property Taxes	\$ 422,758
		Other	1,000
TOTAL	<u>\$ 423,758</u>	TOTAL	<u>\$ 423,758</u>

WATER AND SEWER FUND

Program Expenditures	<u>\$ 10,981,152</u>	Sales to Customers	\$ 10,912,602
		Other	68,550
		Use of Retained Earnings	<u>-</u>
TOTAL	<u>\$ 10,981,152</u>	TOTAL	<u>\$ 10,981,152</u>

MOTOR AND EQUIPMENT POOL

Program Expenditures	<u>\$ 1,039,295</u>	Other	\$ 1,039,295
TOTAL	<u>\$ 1,039,295</u>	TOTAL	<u>\$ 1,039,295</u>

**EXHIBIT B
RESOLUTION
AMENDMENT TO WATER AND SEWER CHARGE SCHEDULE**

WHEREAS, the City of Madison Heights has adopted a City Code containing a building code, housing code, and other provisions to protect the public health safety and welfare: and

WHEREAS, it is provided in said Code that the City Council, by resolution, shall establish reasonable fees to be charged by the City for acts and services performed there under; and

WHEREAS, in accordance with Section 13.3 of the Charter of the Madison Heights, the City Council shall have the power to fix from time to time such just and reasonable rates and other charges as may be deemed advisable for supplying public utility services; and

NOW, THEREFORE, BE IT RESOLVED that the said schedule of fees be, and hereby are, determined and established for the July 1, 2012 billings as follows:

WATER AND SEWER RATES (per 1,000 cubic feet)

Description	Old Rate	New Rate
Water	\$26.20	\$28.00
Sewer	\$40.70	\$43.51
Meter/Maintenance Charge	\$ 3.00	\$ 3.00
Total	\$69.90	\$74.51

**EXHIBIT C
RESOLUTION
AMENDMENT TO COMMUNITY DEVELOPMENT DEPARTMENT FEES**

WHEREAS, the City of Madison Heights has adopted a City Code containing a building code, housing code, and other provisions to protect the public health safety and welfare; and

WHEREAS, it is provided in said Code that the City Council, by resolution, shall establish reasonable fees to be charged by the City for acts and services performed there under; and

WHEREAS, in accordance with Section 8.4 the Charter of the Madison Heights, it is provided that the City Council shall adopt a Budget for the fiscal year, appropriate funds for said purposes and provide for a levy of taxes for said budget appropriations; and

NOW, THEREFORE, BE IT RESOLVED that the said schedule of fees be, and hereby are, determined and established for the July 1, 2012 billings as follows:

Zoning Board of Appeals

Description	Old Rate	New Rate
Commercial Appeals	\$500	\$550
Residential Appeals	\$200	\$200

OPERATING INDICATORS

Last Seven Fiscal Years

Function/ program	2005	2006	2007	2008	2009	2010	2011
Election data:							
Voters Registered	20,030	19,823	19,811	20,704	20,692	20,692	20,542
Voters (at the polls or absentee)	2,729	10,084	2,545	13,519	3,288	7,922	2,755
Percent voting	14	51	13	65	16	39	13
District Court:							
Number of court cases	14,210	15,234	15,234	15,263	15,756	12,730	14,578
Police:							
Physical arrests	1,473	1,265	1,755	1,548	1,381	1,202	1,060
Traffic violations	9,194	9,850	9,332	9,983	8,231	9,473	8,489
Investigations	2,985	2,822	2,770	2,510	2,794	2,285	2,308
Fire:							
Ladder Operation	8	4	3	4	3	3	3
Structure Fire (all types)	36	39	39	31	57	56	63
Emergency Medical runs	2,609	2,631	2,518	2,600	2,628	2,558	2,482
Inspections	691	794	350	295	276	306	210
Parks and Recreation:							
Recreation Program attendance	2,798	2,639	2,697	2,694	2,534	2,531	2,047
Library:							
Circulation (books borrowed)	97,708	96,460	50,673	92,699	109,536	113,106	114,789
Collection volume (sets of books)	75	75	75	75	75	75	75
Water:							
Number of customers billed	54,100	54,140	55,185	54,891	55,414	55,256	55,243
Total consumption (per unit) *	1,836,424	1,857,194	1,695,269	1,552,065	1,459,243	1,429,938	1,433,589
Average consumption per user	34	34	31	28	26	27	26

* Each consumption unit equals 724 gallons.

Source: City's Finance Department records

MISCELLANEOUS STATISTICAL DATA

The City of Madison Heights was incorporated January 17, 1955, under Home Rule Act 279 P.A. 1909, as amended, and is administrated by a City Manager, and governed by Mayor and Council. It is located in Southeast Oakland County and is approximately seven square miles in area.

The estimated 29,694 residents of the City of Madison Heights are provided various services by the 172.7 full-time equivalent employees.

Statistical data related to City services at June 30, 2011 is as follows:

Street service:

Paved streets	106 miles
Sidewalks	199.5 miles
Street lighting	1,830 poles

Water and sewer operation:

Watermains	131 miles
Consumers:	
Residential	9,619
Commercial	1,315
Sanitary sewers	111 miles
Storm sewers	52 miles

Fire protection:

Stations	2
Employees	30
Hydrants	1,115

Police protection:

Full and Part-time Employees	59
Crossing Guards	17
Patrol vehicles	15
Number of traffic violations issued	8,489
Police Reserve members	22

Culture, education and recreation:

Libraries	1
Schools by type:	
Elementary	6
Middle	2
Senior	3
Parks	13
Area of parks	135.8 acres

DEMOGRAPHIC AND ECONOMIC STATISTICS

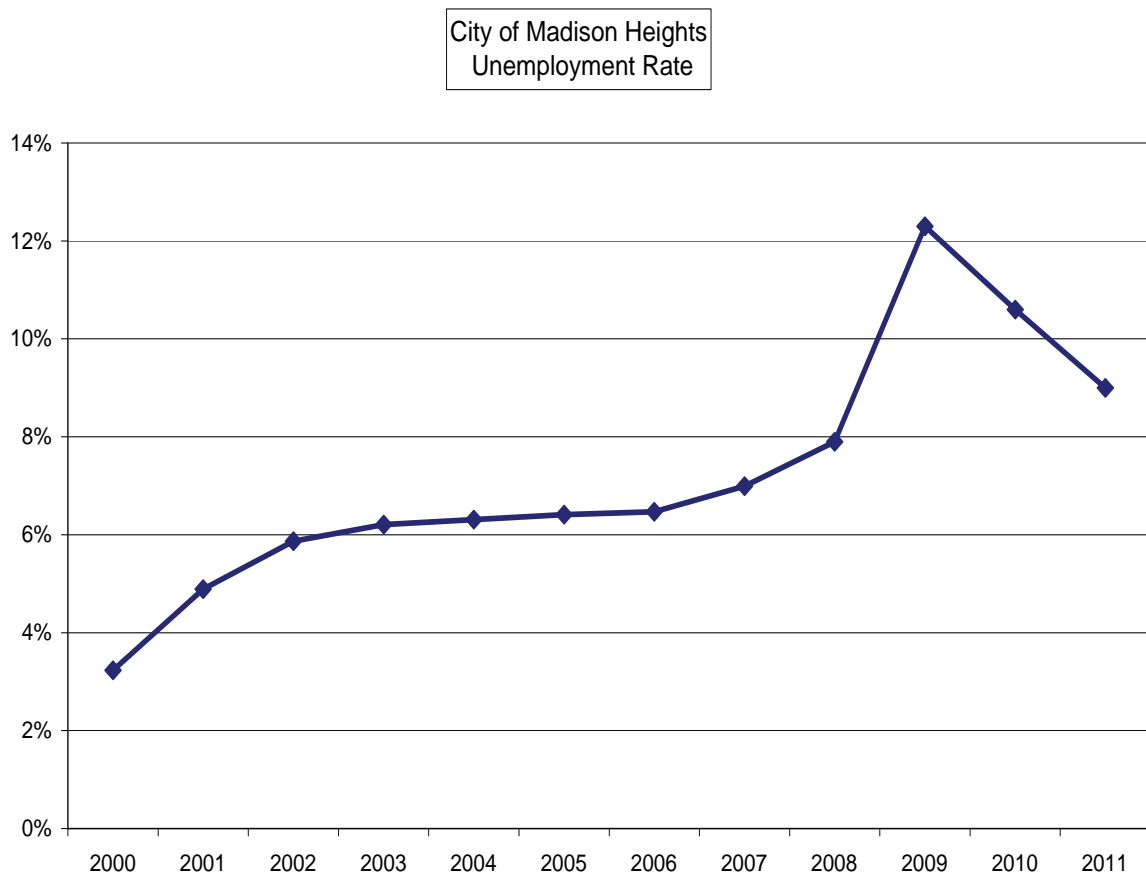
Last Ten Fiscal Years

Fiscal Year Ended June 30	Estimated Population	Personal Income (1)	Per Capita Personal Income (1)	Unemployment Rates (2)
2000	32,196	\$ 456,925,632	\$ 14,192	3.2%
2001	31,101	\$ 666,463,329	\$ 21,429	4.9%
2002	31,101	\$ 666,463,329	\$ 21,429	5.9%
2003	31,101	\$ 666,463,329	\$ 21,429	6.2%
2004	31,101	\$ 666,463,329	\$ 21,429	6.3%
2005	31,101	\$ 666,463,329	\$ 21,429	6.4%
2006	31,101	\$ 666,463,329	\$ 21,429	6.5%
2007	31,101	\$ 666,463,329	\$ 21,429	7.0%
2008	31,101	\$ 666,463,329	\$ 21,429	7.9%
2009	31,101	\$ 666,463,329	\$ 21,429	12.3%
2010	29,694	\$ 716,813,160	\$ 24,140	10.6%
2011	29,694	\$ 716,813,160	\$ 24,140	9.0%

Sources:

(1) United States Census Bureau 2011

(2) Michigan Department of Labor Market Information



CHANGES IN FUND BALANCE

(amounts expressed in thousands)

General Fund

Fiscal Year ended June 30,	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Restricted and Nonspendable:	\$ -	\$ 512	\$ 274	\$ 273	\$ 435	\$ 189	\$ 366	\$ 1,140	\$ 1,611	\$ 777
Assigned:										
Vested employee benefits	\$ 1,890	\$ 2,123	\$ 2,202	\$ 2,244	\$ 2,333	\$ 2,557	\$ 2,496	\$ 2,587	\$ 2,656	\$ 2,353
Subsequent years' expenditures	816	449	509	436	438	145	543	393	56	915
Retained insurance risk	978	733	330	478	663	500	250	250	250	336
Vehicle replacement	1,137	1,451	1,136	1,136	1,136	1,136	1,136	1,136	853	0
Capital improvements	500	100	0	300	600	500	590	32	102	1,218
Park improvements	0	0	0	0	300	500	450	0	0	0
Retirees' health benefits	497	39	0	825	578	778	0	0	0	0
Technology Improvements	0	0	0	0	200	200	89	0	0	75
Insurance Claims Receivable	0	448	0	0	0	0	0	0	0	0
Total Assigned:	\$ 5,818	\$ 5,343	\$ 4,177	\$ 5,419	\$ 6,248	\$ 6,316	\$ 5,554	\$ 4,398	\$ 3,917	\$ 4,897
Unassigned	0	0	0	0	0	0	0	0	0	0
Total Fund Balance	\$ 5,818	\$ 5,855	\$ 4,451	\$ 5,692	\$ 6,683	\$ 6,505	\$ 5,920	\$ 5,538	\$ 5,528	\$ 5,675

Sources: City's Audited Annual Financial Statements

EXPENDITURE HISTORY BY ACTIVITY

General Fund

Activity Name	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Actual	2010-11 Actual	2011-12 Amended Budget	2012-13 Budget
Mayor and City Council	\$ 55,334	\$ 53,599	\$ 54,966	\$ 54,966	\$ 51,719	\$ 53,497	\$ 53,456
City Manager	297,889	315,035	297,496	297,496	312,480	298,568	298,106
Elections	43,720	39,847	37,877	37,877	57,139	33,641	29,665
City Assessor	460,314	461,192	408,406	408,406	253,919	237,202	245,101
Legal	308,099	337,519	351,356	351,356	307,518	311,060	267,410
City Clerk	251,625	329,213	257,536	257,536	215,284	238,144	202,778
Human Resources	237,267	260,899	256,625	256,625	181,955	213,155	228,827
Board of Review	3,597	3,584	5,894	5,894	2,448	3,375	3,375
General Administration	891,822	950,851	1,029,101	1,029,101	982,457	1,416,824	1,555,338
Finance	766,802	794,488	735,776	735,776	771,898	813,753	811,050
Information Technology	287,757	240,922	248,759	248,759	231,774	258,802	261,403
Total City Administration	\$ 3,604,226	\$ 3,787,148	\$ 3,683,792	\$ 3,683,792	\$ 3,368,591	\$ 3,878,021	\$ 3,956,509
Municipal Building	\$ 114,570	\$ 147,197	\$ 253,501	\$ 253,501	\$ 261,522	\$ 92,930	\$ 78,910
Custodial and Maintenance	339,061	331,261	255,819	255,819	207,817	173,303	221,839
Total General Municipal Maint.	\$ 453,631	\$ 478,459	\$ 509,320	\$ 509,320	\$ 469,339	\$ 266,233	\$ 300,749
Police	\$ 9,892,162	\$10,383,098	\$ 10,158,234	\$10,158,234	\$ 9,126,302	\$ 9,243,129	\$ 8,751,213
Fire	6,280,661	5,967,198	5,762,795	5,762,795	5,086,024	5,443,718	4,484,935
District Court	1,406,825	1,445,864	1,431,805	1,431,805	1,389,988	1,466,650	1,330,523
Total Public Safety	\$17,579,648	\$17,796,160	\$17,352,834	\$17,352,834	\$15,602,314	\$16,153,497	\$14,566,671
Community Development	\$ 1,036,067	\$ 1,065,702	\$ 1,076,616	\$ 1,076,616	\$ 941,034	\$ 958,199	\$ 916,892
Streets	936,172	987,491	978,332	978,332	957,719	900,397	1,255,604
Total Community Improvement	\$ 1,972,239	\$ 2,053,193	\$ 2,054,948	\$ 2,054,948	\$ 1,898,753	\$ 1,858,596	\$ 2,172,496
Solid Waste	\$ 2,477,298	\$ 2,498,832	\$ 2,451,303	\$ 2,451,303	\$ 2,065,986	\$ 2,331,140	\$ 1,927,986
Total Solid Waste	\$ 2,477,298	\$ 2,498,832	\$ 2,451,303	\$ 2,451,303	\$ 2,065,986	\$ 2,331,140	\$ 1,927,986
Recreation	\$ 195,526	\$ 222,297	\$ 164,682	\$ 164,682	\$ 170,909	\$ 195,950	\$ 150,380
Youth Center	31,735	51,999	36,124	36,124	1,513	0	0
Nature Center	163,117	149,032	159,540	159,540	9,515	10,527	8,175
Parks	502,123	586,147	805,738	805,738	360,671	350,923	507,181
Senior Citizen Center	497,824	510,233	425,687	425,687	363,646	361,235	471,136
Total Parks and Recreation	\$ 1,390,325	\$ 1,519,707	\$ 1,591,771	\$ 1,591,771	\$ 906,254	\$ 918,635	\$ 1,136,872
Library	\$ 1,410,300	\$ 706,053	\$ 693,589	\$ 693,589	\$ 521,216	\$ 625,595	\$ 585,563
Total Library	\$ 1,410,300	\$ 706,053	\$ 693,589	\$ 693,589	\$ 521,216	\$ 625,595	\$ 585,563
Outside Agencies	\$ 46,719	\$ 53,604	\$ 53,604	\$ 53,604	\$ 18,921	\$ 0	\$ 0
Insurance	494,858	304,492	243,923	243,923	246,575	439,193	439,193
General Expenditures	\$ 541,577	\$ 358,096	\$ 297,527	\$ 297,527	\$ 265,496	\$ 439,193	\$ 439,193
Transfers Out	\$ 2,341,162	\$ 2,816,306	\$ 2,815,903	\$ 2,815,903	\$ 0	\$ 2,460,612	\$ 2,169,000
General Fund Expenditures	\$31,770,407	\$32,013,955	\$31,450,987	\$31,450,987	\$25,097,949	\$28,931,522	\$27,255,039

Source: Finance Expenditure Records

ASSESSED AND ESTIMATED ACTUAL VALUATION OF TAXABLE PROPERTY**Last Ten Fiscal Years**

Tax Year	Real Property	Personal Property	Total Taxable Value	Tax Rate (mills)	Total Actual Value	Taxable Value as a % of Actual
2002	\$ 868,982,990	\$ 179,337,420	\$ 1,048,320,410	15.89	\$ 2,096,640,820	50.0%
2003	\$ 911,478,430	\$ 168,465,610	\$ 1,079,944,040	16.71	\$ 2,159,888,080	50.0%
2004	\$ 947,271,730	\$ 166,469,160	\$ 1,113,740,890	17.00	\$ 2,227,481,780	50.0%
2005	\$ 985,767,400	\$ 146,603,390	\$ 1,132,370,790	17.30	\$ 2,264,741,580	50.0%
2006	\$ 1,024,514,300	\$ 143,881,280	\$ 1,168,395,580	17.90	\$ 2,336,791,160	50.0%
2007	\$ 1,063,312,930	\$ 143,905,590	\$ 1,207,218,520	18.04	\$ 2,414,437,040	50.0%
2008	\$ 1,065,017,700	\$ 144,657,570	\$ 1,209,675,270	18.16	\$ 2,419,350,540	50.0%
2009	\$ 1,048,995,740	\$ 142,457,590	\$ 1,191,453,330	18.00	\$ 2,382,906,660	50.0%
2010	\$ 909,910,710	\$ 146,211,130	\$ 1,056,121,840	18.82	\$ 2,112,243,680	50.0%
2011	\$ 772,654,640	\$ 125,065,880	\$ 897,720,520	21.87	\$ 1,795,441,040	50.0%

Sources: City and County Assessing Records

PROPERTY TAX RATES

Direct and Overlapping Governments

(Per \$1,000 of Taxable Valuation)

Fiscal Year Ending June 30,	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<u>City of Madison Heights</u>												
General Operating	8.96	8.89	8.80	8.82	8.82	8.82	8.82	8.82	8.82	8.82	8.82	10.00
Neighborhood Road Improvements	1.93	1.95	1.93	1.93	1.93	1.93	1.93	2.00	2.00	2.00	2.00	2.00
Vehicle Replacement	0.48	0.48	0.48	0.48	0.47	0.47	0.23	0.25	0.25	0.25	0.25	0.25
Advanced Life Support	0.25	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.25	0.25
Solid Waste	2.26	2.25	2.09	2.10	2.18	2.23	2.07	2.08	2.04	2.13	2.54	2.65
Senior Center	0.48	0.48	0.47	0.47	0.47	0.47	0.47	0.47	0.47	0.47	0.48	0.47
Police and Fire Pension	2.03	1.88	1.88	2.26	2.48	2.73	4.05	3.85	4.01	3.75	4.10	4.80
Fire Station Bond	n.a.	n.a.	n.a.	0.41	0.41	0.41	0.09	0.33	0.33	0.34	0.39	0.45
Library	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.00
Police Facility	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
County Drain	0.06	0.05	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Building Authority	0.18	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total Direct City Taxes	16.63	16.22	15.89	16.71	17.00	17.30	17.90	18.04	18.16	18.00	18.82	21.87
<u>Overlapping Taxes</u>												
County	3.61	4.98	5.28	5.24	5.24	5.25	5.24	5.24	5.09	5.24	5.24	5.24
Community College	1.60	1.61	1.60	1.60	1.59	1.58	1.58	1.58	1.58	1.58	1.58	1.58
Intermediate School District	3.45	3.42	3.40	3.40	3.38	3.37	3.37	3.37	3.37	3.37	3.37	3.37
School Homestead *	17.20	17.21	16.98	15.80	16.60	16.00	16.23	16.71	16.56	12.04	13.76	13.76
School Non-Homestead *	28.87	28.58	28.50	27.44	28.33	27.94	28.40	29.04	28.83	30.12	31.76	31.76
Zoological Authority	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.10	0.10	0.10	0.10
Total Homestead	42.49	43.44	43.15	42.75	43.81	43.50	44.32	44.94	44.76	40.23	42.77	45.81
Total Non-Homestead	54.16	54.81	54.67	54.39	55.54	55.44	56.49	57.27	57.03	58.41	60.87	63.91

* Madison District Public School Rates

Sources: County Assessor's Warrant

FY 2012-13 BUDGET
HISTORICAL LISTING OF PERSONNEL ACTIONS
REVERSE CHRONOLOGICAL ORDER

FY	DEPARTMENT	ACTION
12-13	Police	Eliminate vacant Office Assistant position (-1.0), add part time assistant position (+.47)
12-13	DPS - Recreation	Eliminate Recreation Supervisor position (-0.5) and increase part time Recreation Coordinator hours (+0.22)
12-13	DPS - Senior Center	Eliminate Recreation Supervisor position (-0.5)
12-13	Fire Manning Grant Fund	Reallocate two grant funded positions to General Fund (-1.0)
11-12	District Court	Eliminate vacant part time Probation Officer position (-1.0)
11-12	Police	Eliminate vacant Police position associated with Lieutenant retirement (-1.0)
11-12	Police	Eliminate vacant Police position associated with Sergeant retirement (-1.0)
11-12	Police	Eliminate two vacant Police Officer positions (-2.0)
11-12	Community Development	Eliminate vacant part time Code Enforcement Officer position (-0.8)
11-12	DPS - Parks	Eliminate vacant part time Seasonal Laborer position (-0.3)
11-12	DPS - Streets	Eliminate vacant Deputy DPS Director position (-0.5)
11-12	DPS - Solid Waste	Eliminate vacant Deputy DPS Director position (-0.5)
10-11	Assessing	Eliminate City Assessor position (-1.0)
10-11	Assessing	Eliminate Property Appraiser position (-1.0)
10-11	Assessing	Eliminate part-time Personal Property Auditor position (-0.4)
10-11	Court	Eliminate Court Officer position (-1.0)
10-11	Community Development	Eliminate part-time Clerical position (-0.52)
10-11	City Clerk	Eliminate vacant Office Assistant II position (-1.0)
10-11	Human Resources	Restructure Personnel & Purchasing Coordinator position. Full-time position split between Human Resources (0.5) and General Administration (0.5) moved to DPS - Streets. Transfer part-time Office Assistant (0.75) from DPS to Human Resources (+0.25).
10-11	General Administration	Restructuring the Personnel & Purchasing Coordinator position reduced General Administration by (-0.25) of a position.
10-11	Finance	Eliminate Fiscal Assistant I position (-1.0)
10-11	Finance	Eliminate vacant Fiscal Assistant II position (-1.0)
10-11	Police	Eliminate two vacant Police Officer positions (-2.0)
10-11	Police	Eliminate three vacant Police Sergeant positions (-3.0)
10-11	Fire	Eliminate three vacant Firefighter positions (-3.0)
10-11	Community Development	Eliminate GIS Supervisor position (-1.0)
10-11	Library	Eliminate Librarian position (-1.0)
10-11	Library	Reduce ten part-time Librarian Assistant positions (-0.66)
10-11	DPS – Building Maintenance	Eliminate vacant Equipment Operator II position (-1.0). Full-time split between Streets (0.04) and Building Maintenance (0.96).
10-11	DPS - Streets	Eliminate vacant seasonal part-time Laborer position (-0.35)
10-11	DPS - Solid Waste	Eliminate vacant seasonal part-time Laborer position (-0.35)
10-11	DPS - Recreation	Reduce part-time Recreation Coordinator hours (-0.11)
10-11	DPS - Recreation	Eliminate sixteen vacant seasonal part-time recreation positions (-0.425)
10-11	DPS - Nature Center	Eliminate Nature Center Coordinator position (-1.0)
10-11	DPS - Nature Center	Eliminate part-time Naturalist position (-0.26)
10-11	DPS - Parks	Eliminate Equipment Operator I position (-1.0)

FY 2012-13 BUDGET
HISTORICAL LISTING OF PERSONNEL ACTIONS
REVERSE CHRONOLOGICAL ORDER

FY	DEPARTMENT	ACTION
10-11	DPS - Parks	Eliminate three seasonal part-time Laborer positions (-0.75)
10-11	DPS - Parks	Reduce three part-time Park Ranger hours (-0.2)
10-11	DPS - Senior Center	Reduce part-time Bus Driver and Chauffer hours (-0.31)
10-11	DPS - Senior Center	Reduce part-time Senior Center Assistant hours (-0.1)
10-11	DPS - Major Street Fund	Reallocation of Administrative Support (-0.15)
10-11	DPS - Local Street Fund	Reallocation of Administrative Support position (-0.1)
10-11	DPS - Water	Eliminate two vacant Water Meter Reader positions (-1.0)
10-11	DPS - Sewer	Eliminate Equipment Operator I position (-1.0)
10-11	DPS - Motor Pool	Eliminate General Mechanic position (-1.0)
BA = mid-year Budget Amendment adopted as of December 14, 2009		
BA 09-10	Police	Eliminate two vacant Police Officer positions (-2.0)
BA 09-10	Police	Eliminate one vacant Public Service Aide position (-1.0)
BA 09-10	Fire	Eliminate two vacant Firefighter positions (-2.0)
BA 09-10	Library	Eliminate vacant part-time Library Assistant position (-0.21)
BA 09-10	DPS - Senior Center	Eliminate vacant part-time Senior Center Assistant (-0.25)
BA 09-10	DPS - Water and Sewer	Eliminate one vacant Equipment Operator I position (-1.0)
09-10	Police	Eliminate vacant Patrol positions (-3.0)
09-10	Fire	Eliminate vacant Firefighter swing man position (-1.0)
09-10	DPS - Streets	Eliminate vacant DPS field employee split between divisions (-0.2)
09-10	DPS - Solid Waste	Eliminate vacant DPS field employee split between divisions (-0.3)
09-10	Major Streets Fund	Eliminate vacant DPS field employee split between divisions (-0.2)
09-10	Local Streets Fund	Eliminate vacant DPS field employee split between divisions (-0.3)
09-10	DPS - Youth Center	Reduce 6 part-time employees hours by closing the Youth Center during the summer. (-0.4)
09-10	DPS - Recreation	Move full-time position split between Fire, Senior Center and Recreation to Finance, replacing a part-time positions (-0.3)
09-10	DPS - Parks	Eliminate seasonal part-time employee due to reduction in mowing frequency. (-0.3)
09-10	DPS - Senior Center	Eliminate vacant part-time aide positions, reduce hours of six part-time employees by closing the Senior Center between Christmas and New Year's and move full-time positions currently split between Fire, Senior Center, Recreation and Finance, replacing a part-time position (-1.1)
09-10	Finance	Move full-time positions currently split between Fire, Senior Center and Recreation to Finance, replacing a part-time position. (0.5)
09-10	Library	Reduction of hours for ten part-time positions due to reducing the Library hours of operation from 61.5 to 56 hours per week. (-0.5)

FY 2012-13 BUDGET
HISTORICAL LISTING OF PERSONNEL ACTIONS
REVERSE CHRONOLOGICAL ORDER

FY	DEPARTMENT	ACTION
09-10	Community Development	Eliminate the part-time GIS part-time position (-0.5)
09-10	Water and Sewer	Eliminate two seasonal laborers; one in the Water Division and one in the Sewer Division (-0.7)
07-08	Finance	Reallocation one vacant Fiscal I position to Fire (-0.5)
07-08	Fire	Eliminate part-time office position (-0.3) reallocation of Fiscal I/Office Assistant (0.5)
07-08	DPS - Streets	Eliminate vacant DPS Supervisor split between divisions. (-0.5)
07-08	DPS - Solid Waste	Eliminate vacant DPS Supervisor split between divisions. (-0.1)
07-08	DPS - Parks	Eliminate vacant DPS Supervisor split between divisions. (-0.5)
07-08	DPS-Youth Center	Reduction of hours for part-time Youth Leaders (-0.2)
07-08	Assessing	Reduction of full-time Deputy Assessor position. (-1.0)
07-08	Assessing	Addition of part-time Property Appraiser. (0.4)
07-08	Housing	Eliminate part-time Housing Assistant (-0.4)
06-07	Finance	Eliminate vacant Fiscal I position (-1.0)
06-07	Police	Eliminate vacant Crime Prevention Officer (-1.0)
06-07	Fire	Eliminate vacant Fire Inspector positions (-1.0) and Vacant Officer Assistant I position (-1.0) add a part time Office Positions (0.5).
06-07	Community Development	Eliminate vacant Information System position (-1.0), reduce GIS part-time position (-0.27), reallocate Code Enforcement from CDBG (0.80) and Housing (0.25)
06-07	DPS – Streets	Reduce two vacant Street Laborer positions (-2.0)
06-07	DPS – Sewer	Reduce vacant Laborer position (-1.0)
06-07	Library	Eliminate vacant part-time Library Assistant (-0.4); and reduce hours for Youth Service Assistant (-0.05)
06-07	DPS – Parks	Reduce vacant Park Laborer hours (-0.33)
06-07	DPS – Water	Eliminate vacant Water Clerical position (-0.8)
06-07	Housing	Reallocate Code Enforcement Officers house to CDD (-0.25), reduce Housing Assistant hours (-0.1)
06-07	CDBG	Reallocate Code Enforcement Officer hours to CDD (-0.8)
05-06	District Court	Eliminate vacant part-time Probation Clerk (-0.8)
05-06	City Clerk	Elections - due to consolidated elections and precincts reduce number of Chairpersons from 16 to 12 (-0.4) and Workers from 68 to 55 (-1.5), and reallocate maintenance hours (+0.04)

FY 2012-13 BUDGET
HISTORICAL LISTING OF PERSONNEL ACTIONS
REVERSE CHRONOLOGICAL ORDER

FY	DEPARTMENT	ACTION
05-06	Police	Eliminate vacant full-time Animal Control Officer (-1.0) Office Assistant II (-1.0); add part-time animal control support (+0.3)
05-06	Fire	Eliminate vacant Fire Fighter position (-1.0) and eliminate vacant Fire Fighter position following Lieutenant retirement and promotional process (-0.2)
05-06	Community Development	Reduce hours of part-time Community Development Assistant (-0.3)
05-06	DPS – Custodial & Maintenance	Reallocate maintenance hours to Elections (-0.04) and supervisor hours to Solid Waste for Tree Replacement Program coordination (-0.06)
05-06	DPS – Solid Waste	Add supervisor hours for Tree Replacement Program coordination (+0.06)
05-06	DPS – Recreation	Reduce and reclassify seasonal recreation positions (-1.2)
05-06	DPS – Youth Center	Reduce hours of part-time Youth Leader (-0.22)
05-06	DPS – Nature Center	Reduce hours of part-time Naturalist (-0.04) and reallocate Recreation Supervisor hours (-0.05)
05-06	DPS – Parks	Eliminate vacant Parks Maintenance Laborer (-1.0) and add part-time laborer (+0.6)
05-06	DPS – Senior Citizens	Eliminate vacant Officer Assistant II (-1.0); add part-time assistant (+0.8); reallocate part-time receptionist hours (+0.5) and Recreation Supervisor hours (+0.05)
05-06	Community Improvement Fund	Reallocate Code enforcement Officer hours between Housing (-0.2) and Community Improvement (+0.2)
05-06	Motor Pool Fund	Eliminate vacant full-time Tool Crib Operator position (-0.6)
04-05	District Court	Add hours for part-time Deputy Court Clerk (+0.2)
04-05	Assessor	Eliminate vacant part-time Office Assistant (-0.4)
04-05	City Clerk	Eliminate vacant Deputy Clerk position (-1.0); add hours to part-time election workers for a third election (+0.9)
04-05	Human Resources	Reflect 50% funding of combined Purchasing & Personnel Coordinator position (-0.5)
04-05	General Administration	Eliminate vacant Purchasing Officer position (-1.0); reflect 50% funding of combined Purchasing & Personnel Coordinator position (+0.5)
04-05	Finance	Eliminate vacant Accounting Supervisor position (-1.0); add Accountant position (+1.0); eliminate vacant Fiscal Assistant I position (-1.0)
04-05	Information Technology	Eliminate vacant part-time Information Systems Support position (-0.7)
04-05	Police	Eliminate vacant positions: Police Officer (-1.0); Police Service Assistant (-1.0); and Office Assistant II (-1.0); reflect Police Department transfer of Police Officer position from Auto Theft Prevention Fund to patrol (+1.0)
04-05	Fire	Eliminate vacant Fire Fighter position (-1.0)

FY 2012-13 BUDGET
HISTORICAL LISTING OF PERSONNEL ACTIONS
REVERSE CHRONOLOGICAL ORDER

FY	DEPARTMENT	ACTION
04-05	Community Development	Eliminate vacant Office Assistant II position (-1.0); add hours to part-time CDD Aide position (+0.2)
04-05	Library	Eliminate hours for part-time Branch Library Circulation Chief (-0.4) and Branch Library Assistant (-0.4)
04-05	DPS – Streets	Eliminate vacant Equipment Operator III (-1.0) and Laborer (-1.0) positions; reallocate labor from other divisions (+0.3)
04-05	DPS – Solid Waste	Reallocate labor cost from other divisions to reflect more accurate time utilization (+2.6)
04-05	DPS – Recreation	Eliminate vacant full-time Recreation Coordinator (-0.67); add part-time coordinator (+0.75)
04-05	DPS – Youth Center	Eliminate vacant full-time Recreation Coordinator (-0.3); reallocate hours for part-time Youth Coordinator (+0.1); reallocate driver (+0.1)
04-05	DPS – Nature Center	Reduce hours of part-time Naturalist (-0.4)
04-05	DPS – Parks	Eliminate two vacant part-time Park Laborer positions (-0.5)
04-05	DPS – Senior Citizen	Reallocate labor cost to other divisions (-0.2); assign bus driver time to Youth Center (-0.1)
04-05	Major Streets Fund	Reallocate labor cost from other divisions to reflect more accurate time utilization (-1.1)
04-05	Local Streets Fund	Reallocate labor cost from other divisions to reflect more accurate time utilization (-1.6)
04-05	Community Improvement Fund	Reallocate full-time Code Enforcement Officer FTE between Housing (-0.3) & Community Improvement (0.3)
04-05	Auto Theft Prevention Fund	Transfer of Police Officer position back into road patrol (-1.0)
04-05	Motor Pool Fund (DPS)	Eliminate vacant Tool Crib Operator position after retirement of incumbent (-0.4)
03-04	District Court	Add additional part-time Deputy Court Clerk position (+0.6); increase hours for part-time Probation Officer (+0.7)
03-04	DPS – Youth Center	Split part-time supervisor position for summer and school year programs into two part-time positions (0.0)
03-04	Community Imp.	Downgrade Code Enforcement Supervisor to Code Enf. Officer (0.0)
03-04	CIP - Housing	Reduce hours of part-time CIP Assistant (-0.3)
02-03	City Clerk	Increase part-time hours for election workers due to one additional election (+0.8 FTE).
02-03	Community Development	Add full-time Economic Development Coordinator position (+1.0 FTE).
02-03	DPS – Parks Division	Add two part-time Park Ranger positions (+ 0.5 FTE).
01-02	DPS – Custodial & Maintenance	Eliminate three vacant positions (-3.0 FTE), with one of the positions added to the Parks Division.
01-02	Community Development	Increase hours (+0.3 FTE) for the part-time Geographic Information System (GIS) office assistant position.
01-02	DPS – Nature Center	Upgrade part-time Naturalist position to full-time status (+0.4 FTE).
01-02	DPS – Parks	Add one position transferred from DPS - Custodial & Maintenance Division (+1.0 FTE).
01-02	Library	Increase part-time hours (+1.7 FTE).
00-01	District Court	Elimination of Court Recorder position following retirement (-1.0 FTE).
00-01	Police	Due to elimination of Federal Crime Suppression Grant, transfer one officer position from Crime Suppression Fund (1.0 FTE) to the Police Department's General Fund Activity (+1.0 FTE).
00-01	Community Development	Addition of one Information Systems Specialist Position-GIS in the Community Development Department (+1.0 FTE).
00-01	DPS – Youth Center	Addition of four part-time positions to staff new Youth Drop-In Center (+2.1 FTE).

FY 2012-13 BUDGET
HISTORICAL LISTING OF PERSONNEL ACTIONS
REVERSE CHRONOLOGICAL ORDER

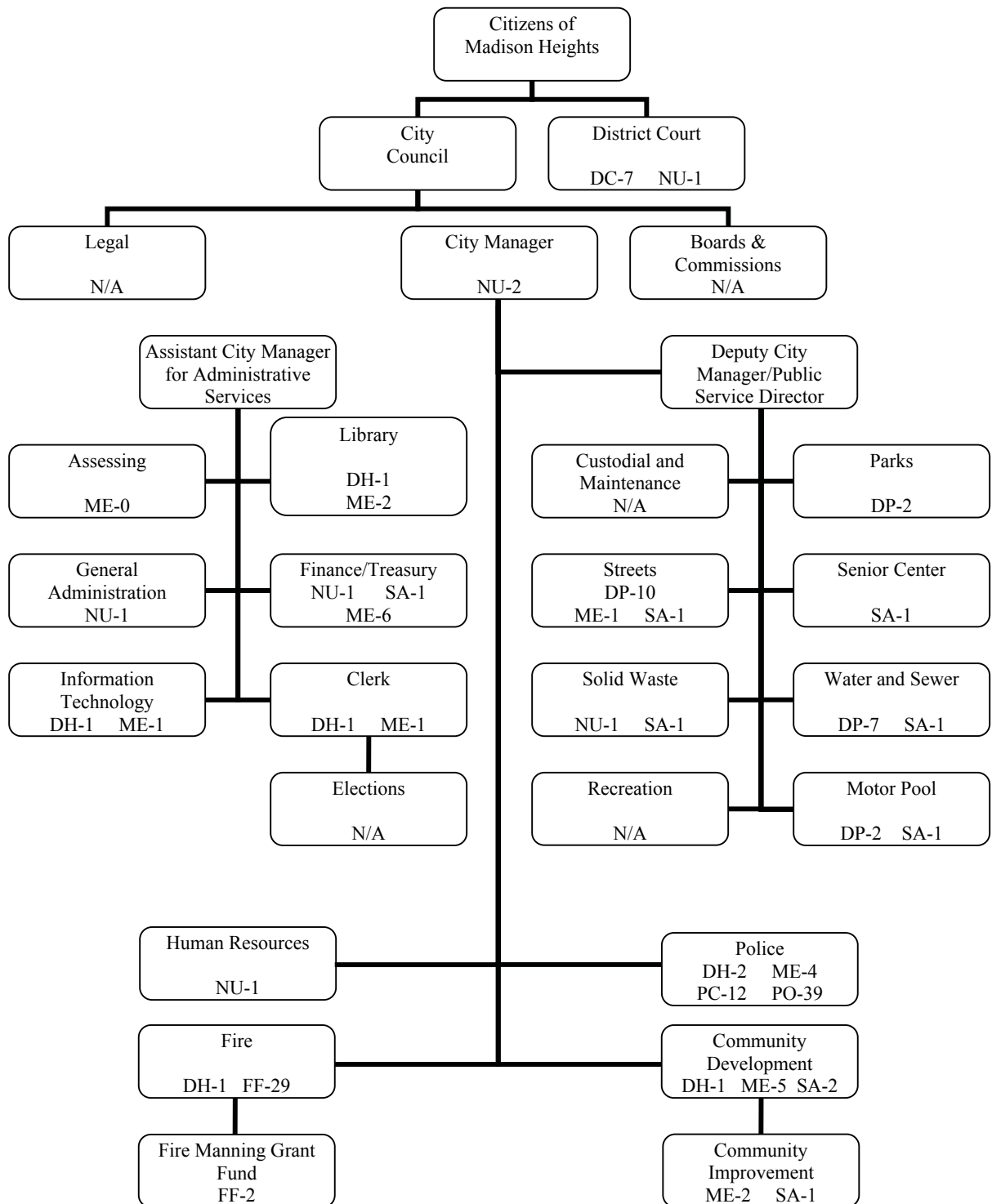
FY	DEPARTMENT	ACTION
99-00	District Court	Consolidation of Court Administrator and Legal Secretary positions (-1.0 FTE); elimination of vacant part-time Security Officer position (-0.7 FTE); reduce hours of part-time Magistrate (-0.3 FTE); increase hours for part-time Probation Officer (+0.3 FTE).
99-00	General Administration	Elimination of vacant Reproduction and Stores Assistant position (-1.0 FTE).
99-00	Finance	Transfer of four administrative positions from Water and Sewer Fund (+4.0 FTE) and elimination of vacant part-time Office Assistant position (-0.8 FTE).
99-00	Data Processing (Gen. Fund)	Transfer of Activity (2 full-time; 1 part-time) from Water and Sewer Fund (+2.8 FTE).
99-00	Community Development	Addition of full-time GIS Supervisor position and a part-time GIS Assistant (+1.3 FTE).
99-00	Library	Additional part-time hours to increase coverage of the three existing part-time librarians by an additional 7 ½ hours per week (+0.6 FTE).
99-00	DPS- Custodial & Maintenance	Elimination of vacant Custodian position (-1.0 FTE).
99-00	Data Processing (Water & Sewer)	Transfer of Activity (2 full-time; 1 part-time) to General Fund (-2.8 FTE).
99-00	Water & Sewer Administration	Transfer of four administrative positions to General Fund (-4.0 FTE) and elimination of vacant part-time Office Assistant position (-0.8 FTE) (-4.8 FTE).
98-99	Nature Center	Increase from one to two part-time Naturalists (+0.8 FTE).
98-99	DPS – Motor Pool	Elimination of vacant Mechanics Helper position through attrition (-1.0 FTE).
97-98	District Court	Through collective bargaining the contractual Court Officer becomes full-time (+1.0 FTE).
97-98	DPS- Custodial & Maintenance	Elimination of vacant Laborer position through attrition due to outsourcing refuse collection (-1.0 FTE).
96-97	District Court	Move part-time position from Law Clerk to Probation Clerk; increase hours (+0.2 FTE).
96-97	Assessing	Addition of one part-time co-op student to assist with computer scanning and sketching project (+0.5 FTE).
96-97	Clerk	Eliminate vacant part-time clerical position (-0.8 FTE).
96-97	Police	Eliminate vacant Detective Sergeant position (-1.0 FTE).
96-97	DPS-Custodial & Maintenance	Reduction of full-time Supervisor position (-1.0 FTE) and transfer of four employees into full time laborer positions from Solid Waste Division outsourcing (+4.0 FTE).
96-97	Solid Waste	Outsource collection of household refuse and recycling; elimination of 12 F/T and 2 P/T laborer positions (-12.8 FTE).
96-97	DPS – Senior Citizen	Elimination of part-time building attendant position; adjustment of other part-time hours (no FTE change).
96-97	DPS – Parks	Elimination of two part-time seasonal laborer positions to reflect outsourcing of grass cutting (-0.8 FTE).
96-97	Police – Crime Suppression Fund	Add multi-jurisdictional unit officer with funding from “COPS” grant (+1.0 FTE).
96-97	Community Improvement Fund	Elimination of two part-time Home Chore Worker positions due to outsourcing of raking, lawn cutting, and snow shoveling services (-0.2 FTE).

FY 2012-13 BUDGET
HISTORICAL LISTING OF PERSONNEL ACTIONS
REVERSE CHRONOLOGICAL ORDER

FY	DEPARTMENT	ACTION
95-96	Library	Reduce part-time Circulation Chief, Technical Services Clerk, and Branch Library Aide (-0.2 FTE).
95-96	Fire	Eliminate three vacant full-time Fire Fighter positions as part of consolidated dispatch project (-3.0 FTE).
95-96	DPS – Custodial & Maintenance	Eliminate three full-time custodians as part of cost-savings move to contract out custodial services (-3.0 FTE).
95-96	DPS – Recreation	Reduce part-time hours as Oakland County will conduct summer swim lessons; add part time Naturalist position (+0.5 FTE).
95-96	Community Dev. Block Grant Fund	Elimination of six vacant part-time home chore workers due to contracting out of raking, lawn cutting, and snow shoveling services (-0.8 FTE).
94-95	Assessing	Elimination of a vacant full-time Residential Appraiser position (+1.0 FTE).
94-95	Community Development	Elimination of a vacant full-time Construction Inspector position.
94-95	DPS – Parks	Eliminate a vacant Parks Maintenance position created by an employee who did not return from an extended Worker's Compensation leave.
94-95	Finance	Lay off the Deputy Treasurer and eliminate the position (+1.0 FTE).
94-95	General Administration	Elimination of a vacant full-time Switchboard Operator / Receptionist position (-1.0 FTE).
94-95	Fire	Eliminate a vacant full-time "Swing Man" Fire Fighter position (-1.0 FTE).
94-95	Library	Lay off one part-time position and reduce the hours for five more part-time positions.
94-95	Police	Eliminate a vacant full-time Special Investigations Unit Police Officer position (-1.0 FTE) and have the Chief transfer a position back into the Patrol Division from another section of the Dept.
93-94	General Administration	Change Purchasing Agent position from part-time to full-time (no FTE data available).
93-94	Community Development	Elimination of two part-time clerk typist positions and addition of one full-time clerk typist position (no FTE data available).

City Of Madison Heights

Organizational Chart



Key	Count
N/A = Not Applicable	--
NU=Non-Union or Other	7
DC= District Court, UAW 889	7
DH=Department Heads, AFSCME	7
DP=DPS, TPOAM	21
FF=Fire Fighters	31
ME=Municipal, TPOAM	22
PC=Police Command, POLC	12
PO=Police Officers, POLC	39
SA=Supvrs. & Assts., AFSCME	<u>9</u>
	155

CITY OF MADISON HEIGHTS

FY 2012-13 BUDGET

FULL TIME POSITIONS

ALL FUNDS

	FY 1993-94	FY 1994-95	FY 1995-96	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04
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GENERAL FUND

Court	13	13	11	11	12	12	11	10	10	9	9
Manager	2	2	2	2	2	2	2	2	2	2	2
Assessor	5	4	4	4	4	4	4	4	4	4	4
Clerk	4	4	4	4	4	4	4	4	4	4	4
Human Resources	2	2	2	2	2	2	2	2	2	2	2
General Administration	4	3	3	3	3	3	2	2	2	2	2
Finance	8	7	7	7	7	7	11	11	11	11	11
Information Technology	0	0	0	0	0	0	2	2	2	2	2
Police	76	76	76	76	76	76	76	77	77	77	77
Fire	44	43	40	40	40	40	40	40	40	40	40
Community Development	9	8	8	8	8	8	9	10	10	11	11
Library	4	4	4	4	4	4	4	4	4	4	4

Department of Public Services

Custodial & Maintenance	6	6	3	6	5	5	4	4	1	1	1
Streets	18	18	18	18	18	18	18	18	18	18	18
Solid Waste	12	12	12	0	0	0	0	0	0	0	0
Recreation	2	2	2	2	2	2	2	2	2	2	2
Youth Center	0	0	0	0	0	0	0	0	0	0	0
Nature Center	0	0	0	0	0	0	0	0	1	1	1
Parks	6	5	5	5	5	5	5	5	6	6	6
Senior Citizen	3	3	3	3	3	3	3	3	3	3	3

Sub total	47	46	43	34	33	33	32	32	31	31	31
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Total	218	212	204	195	195	195	199	200	199	199	199
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Major Street Fund	1	1	1	1	1	1	1	1	1	1	1
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Community Improvement Fund	4	4	4	4	4	4	4	4	4	4	4
-----------------------------------	---	---	---	---	---	---	---	---	---	---	---

Fire Manning Grant Fund	0	0	0	0	0	0	0	0	0	0	0
--------------------------------	---	---	---	---	---	---	---	---	---	---	---

Juvenile Grant Fund	1	0	0	0	0	0	0	0	0	0	0
----------------------------	---	---	---	---	---	---	---	---	---	---	---

Auto Theft Prevention Grant Fund	1	1	1	1	1	1	1	1	1	1	1
---	---	---	---	---	---	---	---	---	---	---	---

Crime Suppression Grant Fund	0	0	0	1	1	1	1	0	0	0	0
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Water & Sewer Fund

Water Division	6	6	6	6	6	6	6	6	6	6	6
Sewer Division	6	6	6	6	6	6	6	6	6	6	6
Information Technology	3	3	3	2	2	2	0	0	0	0	0
Water & Sewer Administration	5	5	5	5	5	5	1	1	1	1	1

Total	20	20	20	19	19	19	13	13	13	13	13
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Motor Pool Fund	6	6	6	6	6	5	5	5	5	5	5
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Total All Funds	251	244	236	227	227	226	224	224	223	223	223
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FY	FY	FY	FY	FY	FY	FY	FY	FY
2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13

GENERAL FUND

9	9	9	9	9	9	8	8	8	Court
2	2	2	2	2	2	2	2	2	Manager
4	4	4	3	3	3	0	0	0	Assessor
3	3	3	3	3	3	2	2	2	Clerk
2	2	2	2	2	2	2	1	1	Human Resources
1	1	1	1	1	1	1	1	1	General Administration
10	10	9	9	9	9	8	8	8	Finance
2	2	2	2	2	2	2	2	2	Information Technology
75	73	73	73	73	67	62	58	57	Police
39	38	36	36	36	33	30	30	30	Fire
10	10	9	9	9	9	8	8	8	Community Development
4	4	4	4	4	4	3	3	3	Library

Department of Public Services

1	1	1	1	1	1	0	0	0	Custodial & Maintenance
16	15	13	13	13	12	11	10	10	Streets
0	1	1	1	1	1	1	2	2	Solid Waste
1	1	1	1	0	0	0	0	0	Recreation
0	0	0	0	0	0	0	0	0	Youth Center
1	1	1	1	1	1	0	0	0	Nature Center
6	5	5	4	4	4	2	2	2	Parks
3	2	2	2	2	2	2	2	1	Senior Citizen

28	26	24	23	22	21	16	16	15
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Sub total

189	184	178	176	175	165	144	139	137
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Total

1	1	1	1	1	1	1	1	1
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Major Street Fund

4	4	3	3	3	3	3	3	3
---	---	---	---	---	---	---	---	---

Community Improvement Fund

0	0	0	0	0	0	2	2	2
---	---	---	---	---	---	---	---	---

Fire Manning Grant Fund

0	0	0	0	0	0	0	0	0
---	---	---	---	---	---	---	---	---

Juvenile Grant Fund

0	0	0	0	0	0	0	0	0
---	---	---	---	---	---	---	---	---

Auto Theft Prevention Grant Fund

0	0	0	0	0	0	0	0	0
---	---	---	---	---	---	---	---	---

Crime Suppression Grant Fund

Water & Sewer Fund

6	6	6	6	6	6	4	4	4	Water Division
6	6	5	5	5	4	4	4	4	Sewer Division
0	0	0	0	0	0	0	0	0	Information Technology
1	1	1	1	1	1	1	1	1	Water & Sewer Administration

13	13	12	12	12	11	9	9	9
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Total

4	4	4	4	4	4	3	3	3
---	---	---	---	---	---	---	---	---

Motor Pool Fund

211	206	198	196	195	184	162	157	155
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Total All Funds

COMMUNITY PROFILE

Regional Setting

The City of Madison Heights is located near the southeast corner of Oakland County, adjacent to the western boundary of Macomb County and approximately two miles north of the City of Detroit. Freeway access to the southeast Michigan region is provided by Interstate 75 (I-75) and Interstate 696 (I-696). In addition, regional access is available using the bus system of the Suburban Mobility Authority for Regional Rapid Transit (SMART) system.

Incorporated in 1955, Madison Heights has grown and prospered significantly over the past 55 years. According to the 2010 Land Use Survey, only 2 percent of the City's total acreage is vacant land.

Oakland County is no longer experiencing the tremendous growth that began in the late 1980's and continued through the mid-2000's. However, the proximity to the I-696 and I-75 Freeways continues to provide easy access to employment centers and residential communities throughout Oakland County and has made Madison Heights a strategic location for both employers and employees.

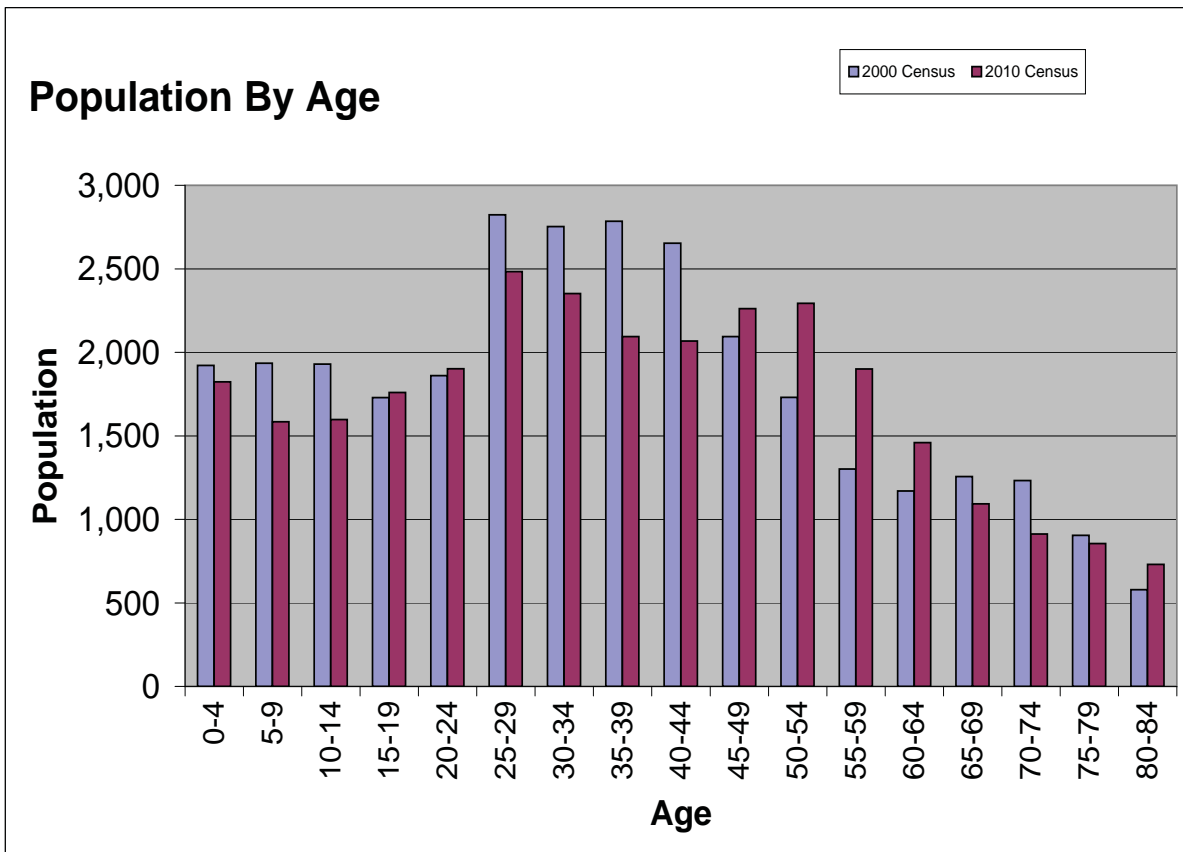
Population

The population of a community, its composition and characteristics, is a basic ingredient in planning for the future. Historical and current population trends can be used in various ways to illustrate problem areas of development and provide indication of probable future needs. Proper planning of future community facilities must take the existing allocations of population and particularly future projections into consideration.

This section will examine three primary aspects of the City's population: past historical trends, current composition, and future projects based on current trends, correlated with the effects of certain future variables.

Historical Trends

The following bar graph shows population change in Madison Heights from 1960 to 2010. Total population peaked in 1970. The City's 2010 population is actually less than its population in 1960, due to decreases in household family size and the addition of smaller units of residential housing including apartments and condominiums. This is clear when one looks at the historical decline in the number of persons per household. On the other hand, the number of housing units has actually grown to 13,685 (2010) during a time of slight decline in total population. The end result is more housing units supporting a smaller population.



The Major Age Group Comparison shown above indicates some subtle changes occurring to the City's population. The City's residents continue to get older as a group, reflecting national demographic characteristics and increased life expectancy. The Retirement Age group of 65 and over continues to grow as a percent of total population while School-Age and Pre-School Age children continues to decline (population under 18 has decreased 11.8% from 2000 to 2010, which represents a decline of approximately 800 pre-school and school age children in the City).

This is an indication that Madison Heights remains an attractive community for very young families as well as retirees, but continues to reflect the natural trend of increased life expectancy and smaller family sizes.

Current Composition

Also important to City planning are characteristics of the population, such as race, ethnic origin, and distribution, as well as age characteristics. The following Tables summarize these characteristics of the City's population.

Population and Housing Unit Change

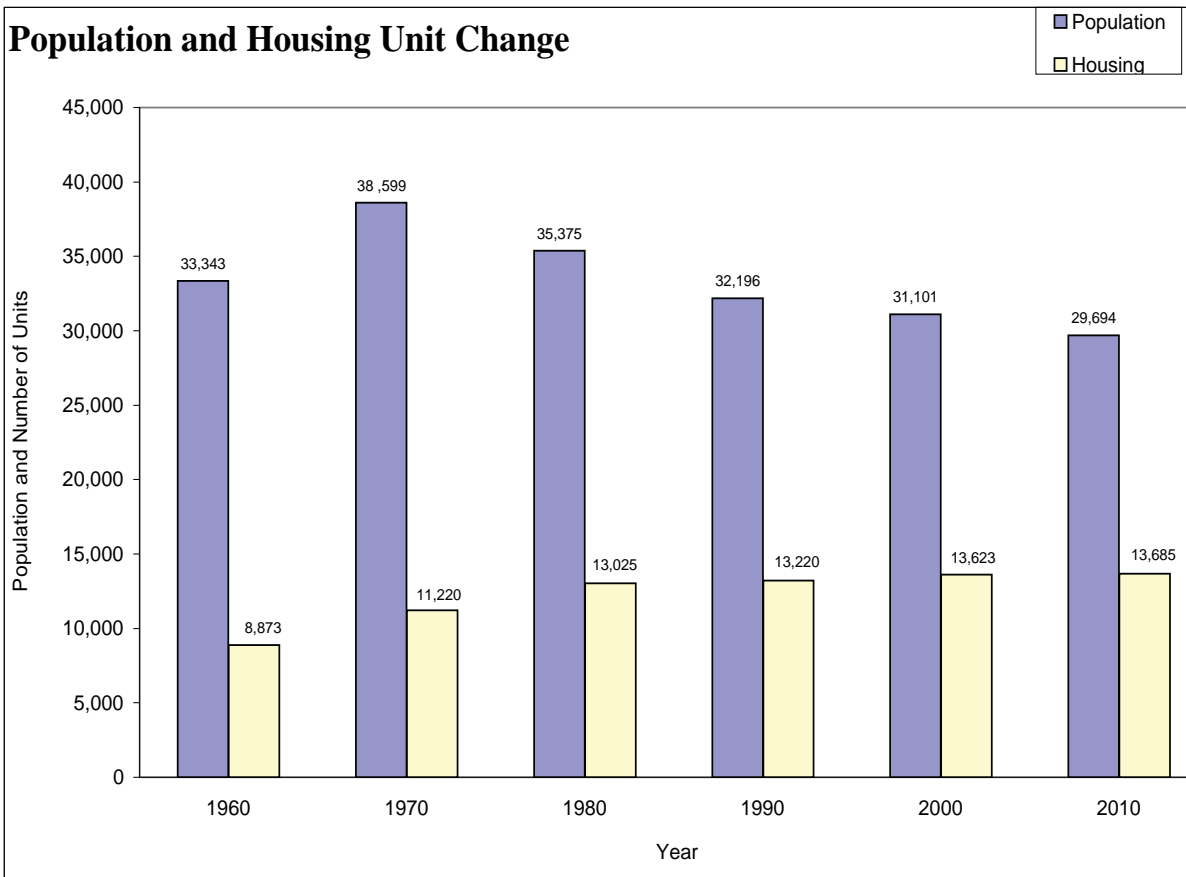


Table 1
Selected Population Characteristics: 2000-2010
City of Madison Heights

	<u>2000</u>	<u>2010</u>	<u>% change</u>	<u>% of Population 2010</u>
Total Population	31,101	29,694	(4.5)	100.0
Male	15,216	14,570	(4.2)	49.0
Female	15,885	15,124	(4.8)	51.0
White	27,866	24,909	(10.6)	83.8
Black	567	1,897	234.6	6.5
American Indian, Eskimo & Aleut	138	136	(1.4)	0.5
Asian or Pacific Islander	1,563	1,744	11.6	5.8
Two or more Races	833	803	(3.6)	2.7
Other Race	142	205	44.4	0.7
Persons of Hispanic Origin	502	756	50.6	2.5

Source: U.S. Census of Population & Housing, 2000, 2010

The 2010 Census shows that Madison Heights' population is diversifying, with marked increases in Blacks, Asians and Hispanics.

Future Projections

Only 2.0 percent of the land in Madison Heights is vacant, and approximately one-fourth of this vacant land is zoned for residential development. After declining consistently for decades, the average household size remained steady from 2000-2010 (2.33 persons per household in 2000, 2.32 in 2010) while the population declined 4.5% over the same period.

Preparing population projections for a community such as Madison Heights is much different than the process one would follow in a rapidly growing community with ample vacant land. Traditional methods such as constant proportion method (linked to the county population), growth rate method (based on past percentage changes), and increasing proportion method (based on an increasing share of County growth) are not appropriate. More appropriately, new housing and family size are the two most important variables that need to be examined.

The national and local trends over the past 30 years indicate shrinking family sizes along with increases in the number of households. This trend is due, at least in part, to lower fertility rates and higher divorce rates. While the Census of Population shows these trends are present in the City, historically, the unprecedented economic crisis over the last five years has had a marked impact on housing and population. The foreclosure crisis and net out migration have resulted in a negative impact on population and total households, as outlined in Table 2 below:

Table 2
Population & Household Estimate, 1990-2035
City of Madison Heights

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2035</u>
Total Population	32,196	31,101	29,694	29,468
Total Households (occupied housing units)	12,850	13,299	12,712	14,025
Average Household Size	2.51	2.33	2.32	2.08

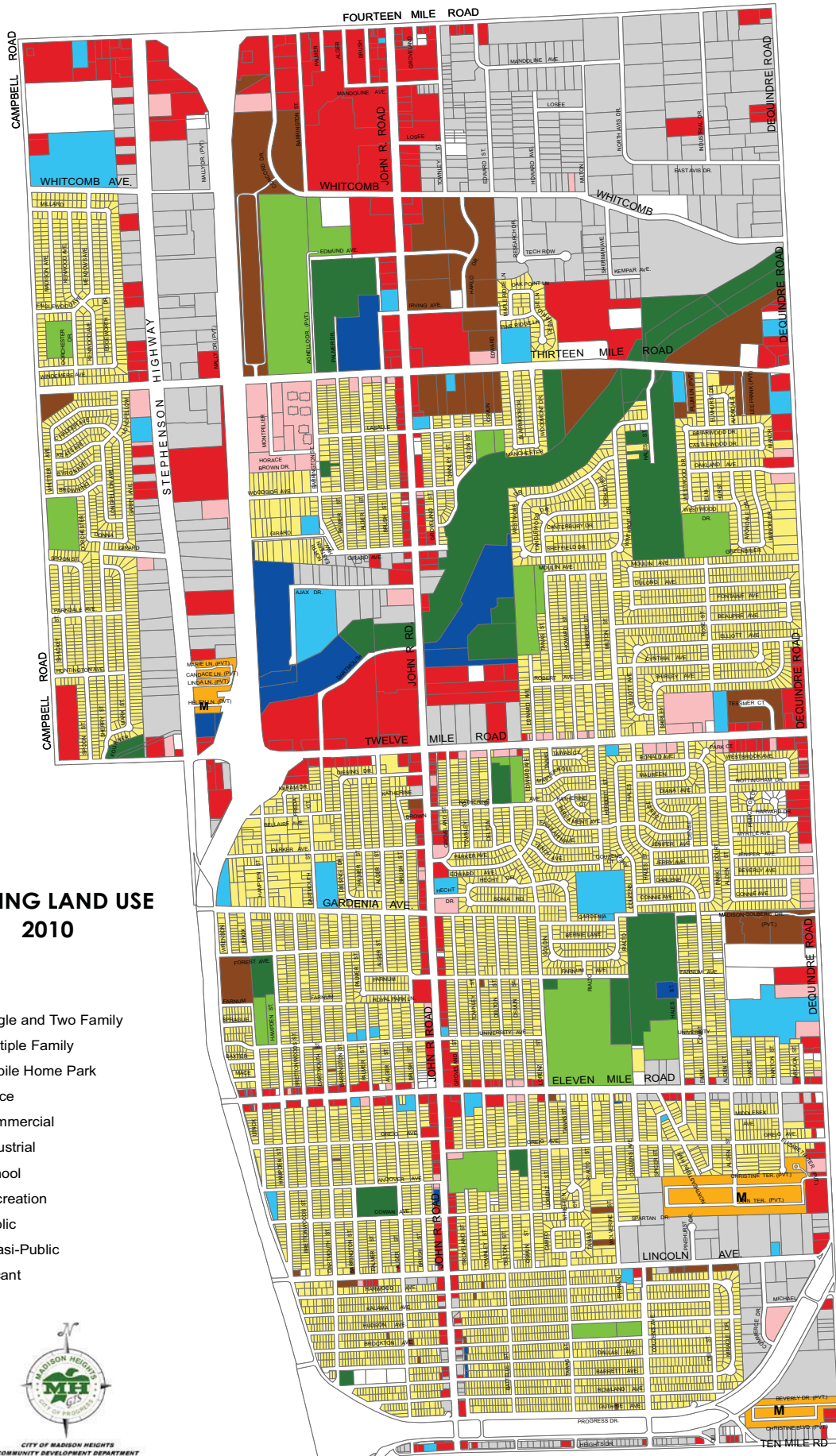
(1) 1990, 2000, 2010 Census data based on Persons Living in Households and Occupied Housing Units, and SEMCOG 2035 projections.

EXISTING LAND USE 2010

- Single and Two Family
- Multiple Family
- Mobile Home Park
- Office
- Commercial
- Industrial
- School
- Recreation
- Public
- Quasi-Public
- Vacant



CITY OF MADISON HEIGHTS
COMMUNITY DEVELOPMENT DEPARTMENT
WWW.MADISON-HEIGHTS.ORG



Existing Land Use

The pattern of development established in a community is influenced by a number of factors including the community's regional setting, citizen demands and needs, political conditions, changes in technology and environmental characteristics and systems. As outlined in the Regional Setting, the growth and development of the City of Madison Heights has been influenced by its position in the Detroit Metropolitan Area. In addition, the City has become fixed in its land area due to the incorporation of the surrounding communities: cities of Hazel Park, Royal Oak, Troy and Warren.

In 2010, the City conducted a survey of the City recording all of the existing uses of land. The resulting pattern of existing development has been documented on the land use map available in the Community Development Department.

The following is a description of the various land use classifications used in the survey.

Single and Two Family - This classification is for those areas containing single-family and two-family dwelling units and accessory structures.

Mobile Home Park - This category identified mobile homes in a planned community or mobile home park setting.

Multiple Family - Included in this group are all apartments and multiplex type of units where more than two separate residential units occupy a single building. Included are apartments, townhouses, condominiums and senior apartments.

Commercial - Retail sales establishments, personal and business services are placed in the commercial category. Included are shopping centers, restaurants, gas stations, party stores, beauty parlors, while-you-wait printers, and the like.

Office - Uses include general business offices; professional services such as banking, real estate, engineering and architectural services; medical and dental offices; and similar uses.

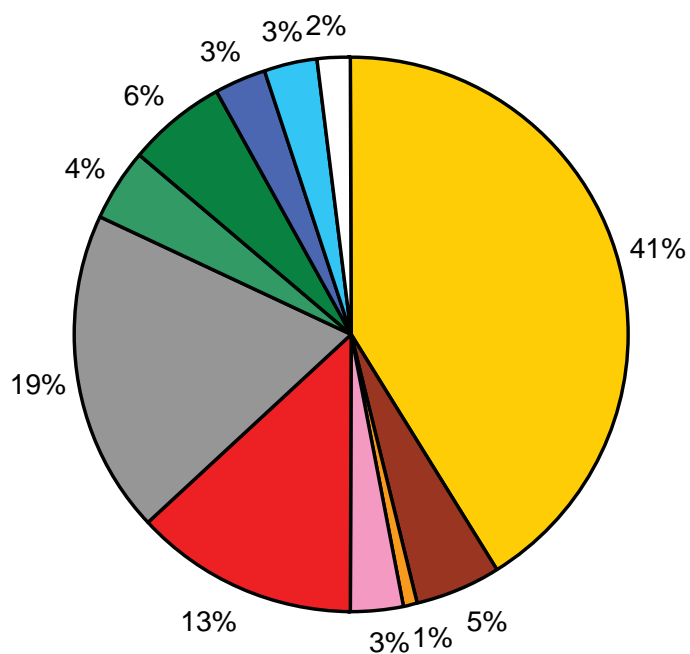
Industrial - This category includes uses with or without buildings where materials are processed, fabricated, assembled, or manufactured, or where equipment, materials or wastes are stored out-of-doors. It also includes warehousing, office/warehouse combinations, and wholesale operations.

Public - Land area and facilities such as public schools, libraries, public works buildings, and government buildings are considered public uses.

Quasi-Public - Included within this classification are such as churches, hospitals, private schools, lodge halls, private cemeteries, utility stations/sub-stations, etc.

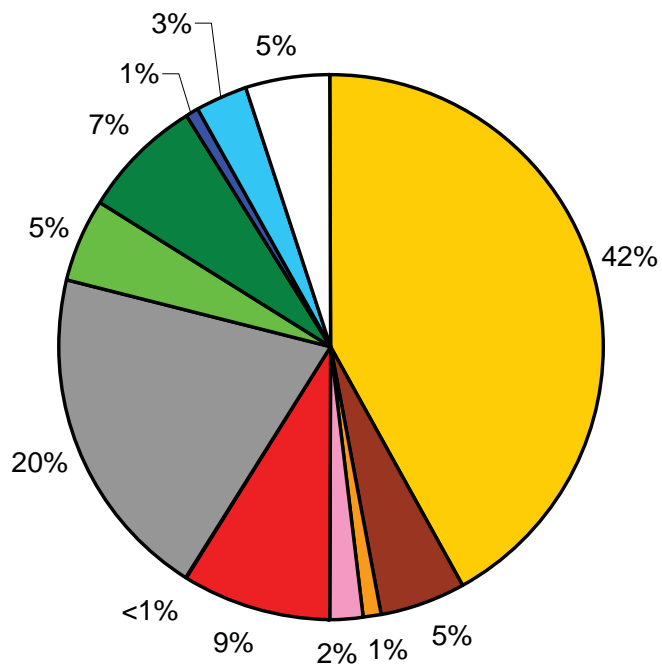
Recreation and Open Space - This category has grown significantly since 1969, from 46 acres (1%) to 225 acres (6%). Major parks and recreation areas include the Red Oaks Golf Course; Red Oaks Water Park; Red Oaks Youth Soccer Complex; Suarez Friendship Woods and Nature Center; Rosie's Park/Madison Woods; and the Civic Center Park. In 2000, the City added 0.7 acres northeast of Rosie's Park and 1.5 acres at Suarez Friendship Woods. In 2009, the City added 0.42 acres at the southwest corner of Hales and Winthrop as a second expansion of Suarez Friendship Woods; and 1.0 acres at the southeast corner of Dartmouth and Dallas from the Madison Public Schools for the new Monroe Park. It should be noted that the entire Red Run right-of-way (137 acres) is included in this category.

EXISTING LAND USE 2010



- SINGLE AND TWO FAMILY
- MULTIPLE FAMILY
- MOBILE HOME PARK
- OFFICE
- COMMERCIAL
- INDUSTRIAL
- SCHOOLS
- RECREATION AND OPEN SPACE
- PUBLIC
- QUASI-PUBLIC
- VACANT

EXISTING LAND USE 1989



- SINGLE AND TWO FAMILY
- MULTIPLE FAMILY
- MOBILE HOME PARK
- OFFICE
- COMMERCIAL
- MIXED BUSINESS
- INDUSTRIAL
- SCHOOLS
- RECREATION AND OPEN SPACE
- PUBLIC
- QUASI-PUBLIC
- VACANT

* 1989 Land Use shows Mixed Business and Commercial use types.
In 2003, those use types were combined into Commercial.

School Sites - School sites in the City of Madison Heights now comprise 164 acres. Many of the City's school sites include significant recreation areas, provided by either the Madison or Lamphere School District.

Vacant - This category includes all remaining land that is presently vacant or unused. As of 2010, only 2 percent of the City remained as vacant land, although not all of the land is available for development.

In short, the City of Madison Heights welcomes residents, businesses and visitors alike to a vibrant and diverse Community! The City is ideally located in southeastern Michigan, within Oakland County's "Automation Alley". Madison Heights provides a full range of services to residents, visitors and the business community and is conveniently located for employers and employees alike at the intersection of I-75 and I-696. In spite of the economic downturn of 2007-2010, Oakland County continues to rank high in per capita income, employment opportunities and overall quality of life. The City of Madison Heights exemplifies the very best in Oakland County through its excellent city services, road maintenance and snow removal, and opportunities for residents and the business community. It is a fiscally sound and stable community with many advantages because of its diverse tax base, housing mix, business climate and convenient access to other business and residential areas in southeastern Michigan.

There are more than 1,300 commercial and industrial businesses and services within the City's 7.1 square miles and the City is proud to have a majority of small businesses, as well as more than 100 major companies within its borders, such as: Best Buy, Coca Cola, Costco, CVS Pharmacy, Henkel Technologies, Home Depot, Lowes, Starbucks, Kmart, Meijer, Microcenter, Netlink, Sam's Club, Target, and United Parcel Service. It is a "City of Progress" with 23 shopping centers, 11 hotels, more than 860,000 square feet of office space, and seven industrial parks that include 10 million square feet.

The City of Madison Heights is committed to working with present and future residents and businesses to continue our excellent tradition as The City of Progress!

Natural Features

By 2010, over 98-percent of the City's land area had been developed by urbanized uses and City parks. For this reason, very few properties remain in their original natural state. The two principal exceptions include properties that have been protected as Madison Heights City Parks. The two include: Suarez Friendship Woods and Madison Woods. In addition to these, several other City parks have maintained a sizeable number of mature hardwood trees.

Topography, Soils and Drainage

The surface geology of Southeast Michigan is characterized by two broad zones, a lowland zone and a hilly upland zone. Madison Heights is situated within the flat, lowland zone lying between the Great Lakes shoreline and the hill zone. This lowland zone was formed by clay and sand deposits laid in the bottom of a large lake that existed about 10,000 years ago. The topography of

Madison Heights is nearly flat due to this history as part of the glacial lake plain. The soils found throughout the City are poorly drained to moderately well drained in their natural state. The urbanization of the City has required the creation of an artificial storm drainage system to overcome the major limitation of the City's soil - wetness. The Red Run Drain, which cuts diagonally through Madison Heights, is the eventual outlet for most of the City's storm water. Over the years, many of the City's storm and sanitary sewer systems have been separated so that most of the storm water is now able to be discharged to the George W. Kuhn storm sewers and to the Red Run Drain without treatment. The City of Madison Heights is wholly located within the Clinton River Watershed Basin.

Woodlands and Wildlife

As mentioned earlier, Suarez Friendship Woods and Madison Woods are the only parcels of land that remain in their original, natural state. Suarez Woods includes areas maintained in mature hardwoods, brush, and grasslands. The site also includes a small vernal pond. This 36 acre nature preserve supports a surprising variety of wildlife for a mature urban city, including native birds, rodents and mammals. A Nature Center is located in Suarez Friendship Woods. The Center has a variety of exhibits and programs related to natural history and the environment.

Climate

The Southeast Michigan region, of which Madison Heights is part of and lies within the humid continental climatic zone of eastern North America. This zone is characterized by hot summers, cold winters, and a relatively constant year-round supply of moisture. Temperature characteristics of the immediate Southeast Michigan area include winter temperatures that average around freezing (32°F) with overnight lows between 15°F and 20°F. Summer temperatures average around 72°F with afternoon highs in July and August of 85°F. At the extremes, winter temperatures as low as 13°F below zero and summer temperatures over 100°F have been recorded.

The rhythm of the seasons in Southeast Michigan is regular, if somewhat syncopated. The winter and summer seasons tend to be long while fall and especially spring tend to be quite short. The area is characterized by prevailing westerly winds. Although the Great Lakes tend to moderate the weather somewhat due to their large capacity as a thermal reservoir, the region is located at the edge of an area that is affected by frequent incursions of cold arctic air.

Because Southeast Michigan lies on the dividing line of a much colder area to the north and a much warmer region to the south, its winters tend to be less cold and its summers less hot than the far extremes of the humid continental climatic zone. This particular characteristic has resulted in the dominance of broadleaf trees as opposed to the needleleaf forests found a little farther north.

Recreation Facilities Inventory

Recreation facilities available to Madison Heights residents range from small tot lots to neighborhood parks to large community-wide playfields to major regional recreation developments. The City currently operates a system of 14 City parks including the new Red Oaks Youth Soccer Complex and Monroe Park. A Senior Citizens activities center provides special programs for seniors that include recreation, home chores such as yard maintenance, meals, transportation and many other outstanding programs. The City also operates indoor recreation programs for all ages in cooperation with Madison and Lamphere Public Schools and on a space-available basis at City Hall and the Main Library.

In addition to the City-owned parks, many of the public and parochial schools in Madison Heights include recreation opportunities. Specific facilities range from playground equipment and outdoor athletic fields to indoor gymnasiums and pools.

Beyond the City limits are a wide array of public, regional recreation areas and private recreation facilities. Oakland County operates a system of 11 county parks. One of these, the Red Oaks complex, is physically located within Madison Heights. There are at least 50 public golf courses in Oakland County alone. The Huron-Clinton Metropolitan Authority (HCMA) has developed a system of 13 regional parks, all of which are within a 60-minute drive of Madison Heights. Activities such as picnicking, swimming, fishing, boating, wildlife study and even horseback riding can be enjoyed at several of the HCMA parks. There are also 22 State parks or recreation areas within an approximate one-hour drive of Madison Heights. These State parks offer camping, hunting, cross-country skiing and even snowmobile trails among their many available activities.

GLOSSARY OF BUDGET AND FINANCE TERMS

The Annual Budget contains specialized and technical terminology that is unique to public finance and budgeting. To assist the reader of the Annual Budget document in understanding these terms, a budget glossary has been included in the document.

Accounting System: The total set of records and procedures that are used to record, classify, and report information on the financial status and operations of an entity.

Activity: A special unit of work or service performed.

Accrual: Basis of accounting where revenues are recognized when they are measurable and earned. Expenses are recorded when incurred.

Advanced Life Support (ALS): Advanced Life Support is a part of the Fire Department operation that provides paramedic-level emergency medical treatment and transportation service. The department's licensed advanced emergency medical technicians provide pre-hospital emergency care.

Appropriation: An authorization made by the City Council that permits officials to incur obligations against and to make expenditures of governmental resources. Appropriations are usually made for fixed amounts and are typically granted for a one year period.

Assessed Value: 50 percent of the estimated true cash value placed upon all taxable real and personal property by the local assessing jurisdiction's certified assessor.

Assets: Property owned by the City that has monetary value.

Audit: A systematic examination of resource utilization concluding in a written report. It is a test of management's internal accounting controls and is intended to:

- ascertain whether financial statements fairly present financial positions and results of operations
- test whether transactions have been legally performed
- identify areas for possible improvements in accounting practices and procedures
- ascertain whether transactions have been recorded accurately and consistently
- ascertain the stewardship of officials responsible for governmental resources

Balanced Budget: A budget in which estimated revenues are equal to or greater than estimated expenditures.

Balance Sheet: A statement purporting to present the financial position of an entity by disclosing the cost of its assets, liabilities, and equities as of a specified date.

Benchmarking: The process of comparing the business processes and performance metrics to industry bests.

Bond (Debt Instrument): A written promise to pay (debt) a specified sum of money (called principal or face value) at a specified future date (called the maturity date) along with periodic interest paid at a specified percentage of the principal (interest rate). Bonds are typically used for long-term debt to pay for specific capital expenditures.

Brownfield Redevelopment Authority: Established by Public Act 145 of 2000 to encourage redevelopment of idle or under-utilized commercial and industrial properties, which may not otherwise be redeveloped due to real or perceived contamination of the property. The Authority works to assist developers with the options of reimbursing for cleanup costs and/or providing a single business tax credit (authorized through the State of Michigan).

Budget Calendar: The schedule of key dates or milestones that the City follows in the preparation and adoption of the budget.

Budget Message (City Manager's): A general discussion of the budget document presented in writing as an overview of the budget document. The budget message explains principal budget issues against the background of financial experience in recent years and presents recommendations made by the City Manager.

Budget (Operating): A plan of financial operations embodying an estimate of proposed expenditures for a given period (typically a fiscal year) and the proposed means of financing them (revenue estimates). The term is also sometimes used to denote the officially approved expenditure ceiling under which the City and its departments operate.

Capital Improvements: Annual appropriations in the City's budget for capital purchases and construction projects costing more than \$30,000. This plan details funding sources and expenditure amounts for these large projects or purchases that will be required beyond the one year period of the annual budget.

Capital Outlays: Expenditures for the acquisition of capital assets over \$2,000. Includes the cost of land, buildings, permanent improvements, machinery, computers, large tools, rolling and stationary equipment.

Cash Management: The management of cash necessary to pay for government services while investing temporary cash excesses in order to earn interest revenue. Cash management refers to the activities of forecasting the inflows and outflows of cash, mobilizing cash to improve its availability for investment, establishing and maintaining banking relationships, and investing funds in order to achieve the highest interest and return available for temporary cash balances.

Certificates of Deposit: A negotiable or non-negotiable receipt for monies deposited in banks or financial institutions for a specified period and rate of interest.

Consumer Price Index - Workers (CPI-W): An indicator of the consumer prices issued by the United States Department of Labor, Bureau of Labor Statistics, which is a widely used indicator

of inflation (or deflation) and indicates the changing purchasing power of money. It is obtained by calculating the cost of a fixed “basket” of commodities purchased by a typical consumer. The basket contains products from various categories including shelter, food, entertainment, fuel and transportation. Since the contents of the basket remain constant in terms of quantity and quality, the changes in the index reflect price changes.

Contractual Services: Items of expenditure for services that the City receives from an internal service fund or an outside company. Utilities, rent and custodial services are examples of contractual services.

Current Taxes: Taxes that are levied and due within one year.

Debt Service: The City's obligation to pay the principal and interest of all bonds and other debt instruments according to a pre-determined payment schedule.

Delinquent Taxes: Taxes that remained unpaid on and after the date on which a penalty for non-payment is attached.

Department: A major organizational unit of the City that indicates overall management responsibility for an operation or a group of related operations within a functional area.

Department of Public Service (DPS): The Department of Public Service provides numerous round-the-clock services to residents and business owners. The Department’s operational divisions include: Water and Sewer; Streets; Parks; Recreation; Building Maintenance; Motor Pool; Nature Center and Senior Center.

Depreciation: (1) Expiration of the service life of capital assets attributable to wear and tear, deterioration, action of the physical elements, inadequacy or obsolescence. (2) That portion of the cost of a capital asset that is charged as an expense during a particular period.

Downtown Development Authority (DDA): Created by the State of Michigan, under Public Act 197 of 1975, for the purpose of stimulating and encouraging private investment in the south commercial district through the provision of public improvements.

Encumbrances: Obligations in the form of purchase orders, contracts or salary commitments that are chargeable to an appropriation and for which a part of the appropriation is reserved. They cease to be encumbrances when paid or when an actual liability is set up.

Enterprise Fund: A governmental accounting fund in which the services provided are financed and operated similarly to those of a private business. The rate schedules for these services are established to ensure that revenues are adequate to meet all necessary expenditures. Enterprise funds are established for services such as water and sewer, parking facilities, transit systems, airports, solid waste management (when financed through user fees) and golf courses.

Estimated Revenue: The amount of projected revenue to be collected during the fiscal year. The amount of revenue appropriated is the amount approved by Council.

Fiscal Year: The beginning and ending period for recording financial transactions. The City has specified July 1 to June 30 as its fiscal year.

Full Faith and Credit: A pledge of the City's taxing power of a government to repay debt obligations (typically used in reference to General Obligation Bonds or tax-supported debt).

Full Time Equivalent Position (FTE): A measure of full-time position equivalents. A part-time position converted to a decimal equivalent of a full-time position based on 1,950 hours per year for clerical and library staff and 2,080 hours per year for Department of Public Service and recreation staff.

Fund: An independent fiscal and accounting entity with a self-balancing set of accounts, recorded cash and/or other resources together with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives.

Fund Balance: The excess of an entity's assets over its liabilities. A negative fund balance is sometimes called a deficit.

General Fund: The largest fund within the City, the General Fund accounts for most of the financial resources of the government that may be used for any lawful purpose. General Fund revenues include property taxes, licenses and permits, user fees, service charges, and other types of revenue. This fund usually includes most of the basic operating services, such as police and fire protection, finance, parks and recreation, libraries, public works and general administration.

General Obligation Bonds: When the City pledges its full faith and credit to the repayment of the bonds it issues, those bonds are general obligation (G.O.) bonds. Sometimes the term is also used to refer to the bonds that are to be repaid from taxes and other general revenues.

Geographic Information System (GIS): A system of software and hardware used to capture, store, manage, analyze and map geographic information.

Government Finance Officers Association (GFOA): The GFOA is the professional association of state and local finance officers in the United States and Canada and has served the public finance profession since 1906. GFOA members are dedicated to the sound management of government financial resources.

Goal: A statement of broad direction, purpose or intent based on the needs of the community. The City Council adopts an annual Goal Plan for the City focusing on the City's top priorities.

Headlee Amendment: The Headlee Amendment, approved by the voters of the State of Michigan as a Constitutional Amendment, places an upper limit on the total amount of property taxes a city can collect in the fiscal year. In effect, the City cannot collect operating millage on the Taxable Value (TV)

increase derived from existing property, which is in excess of the Headlee inflation factor (4.4% for FY 2009-10) plus TV on new construction. This limit is accomplished by rolling back those operating millages, which are at their authorized maximum, by the same percentage as the TV is over the Headlee allowable maximum. The Headlee Amendment limitation may be waived only by a vote of the electorate.

Infrastructure: Capital assets that are stationary and normally have a useful life greater than most other capital assets. Examples include roads, sewer lines and water systems.

Interfund Transfers: Amounts transferred from one fund to another.

Intergovernmental Grant: A contribution of assets (usually cash) by one governmental unit or other organization to another. Typically, these contributions are made to local governments from the State and Federal governments. Grants are usually made for specified purposes.

Intergovernmental Revenue: Revenue received from another government.

Internal Service Fund: Funds used to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government on a cost reimbursement basis. The City has one internal service fund for Motor Pool vehicle and equipment repair and maintenance.

Investment: Securities and real estate purchased and held for the production of income in the form of interest, dividends, rentals or base payment.

George W. Kuhn Drain District: Established under State statute to facilitate a construction project, started in March 1999, to improve the Retention Treatment Facility (RTF) that was constructed by the Twelve Towns Drain District. These improvements to the RTF were to reduce the volume and frequency of overflows and to provide adequate treatment of the overflows when they do occur.

Liabilities: Debt or other legal obligations arising out of transactions in the past that must be liquidated, renewed or refunded at some future date. The term does not include encumbrances.

Long Term Debt: Debt with a maturity of more than one year after the date of issuance.

Maturities: The date on which the principal or stated values of investments or debt obligation mature and may be reclaimed.

Michigan Public Act 345: Michigan Public Act 345 was created for the City's Police and Fire Departments to establish and maintain the retirement pension and medical benefits for sworn personnel that could be supported through a dedicated property tax millage.

Michigan Uniform Accounting and Budgeting Act: Provides for the formulation and establishment of uniform charts of accounts and reports for local units of government; to define local units of

government; to provide for the books and accounts of local units of government; to provide for annual financial reports from local units of government; to provide for the administration of this act; to prescribe the powers and duties of the State Treasurer and the Attorney General; to provide penalties for violation of certain requirements of this act; to provide for meeting the expenses authorized by this act; to provide a uniform budgeting system for local units; and to prohibit deficit spending by a local unit of government.

Millage Rate: One mill equals \$1.00 of taxes for each \$1,000 of taxable value. The millage rate is the total number of mills assessed against the taxable value.

Modified Accrual: A "basis of accounting" that determines when a transaction or event is recognized in the fund's operating statements. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Changes to the modified accrual basis from the accrual basis are as follows:

- a) Those revenues susceptible to accrual are property taxes, intergovernmental revenues, special assessments, licenses, interest revenues and charges for services. Fines and forfeits, permits and certain miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash.
- b) Non-current receivables, such as special assessments, are recorded at full value and deferred revenue is recorded for the portion not available for use to finance operations as of year-end.
- c) Interest income on special assessments receivable is not accrued until its due date.
- d) Principal on general long-term debt is recorded as a fund liability when due. Interest on bonded indebtedness and other long-term debt is not recorded as an expenditure until its due date.
- e) Payments for inventoriable types of supplies are recorded as expenditures at the time of purchase.
- f) Normally, expenditures are not divided between years by the recording of prepaid expenditures.
- g) The non-current portion of vested employee benefits is reflected in the General Long Term Debt Account Group.

Motor Pool: A Department of Public Service division that is responsible for the maintenance of all City vehicles and rolling or motorized equipment.

Motor Vehicle Highway Fund Act: The Motor Vehicle Highway Fund Act provides for the classification of all public roads, streets, and highways in this state, to provide for the deposits of specific State taxes on motor vehicles and motor vehicle fuels, and to provide for the allocation of funds for the use and administration of the funds for transportation purposes.

Municipal Employees Retirement System (MERS): The Municipal Employees Retirement System of Michigan is a multiple-employer statewide public employee retirement plan created by the State of Michigan to provide retirement, survivor and disability benefits to the State's local government employees.

Objective: Something to be accomplished in specific, well defined, and measurable terms and that is achievable within a specific time frame.

Object of Expenditure: Expenditure classifications based upon the type or categories of goods and services purchased. Typical objects of expenditure include:

- personal services (salaries, wages and fringe benefits, etc.)
- commodities (motor fuel, office and custodial supplies, etc.)
- contractual services (utilities, maintenance contracts, etc.)
- capital outlays (equipment, computer, vehicles, etc.)

Operating Funds: Resources derived from recurring revenue sources used to finance ongoing operating expenditures and pay-as-you-go capital improvement projects.

Outside Agencies: Outside non-profit agencies, eligible to receive City funding support, including the Boys & Girls Club of South Oakland County, Gateway Counseling Center (mental health), Oakland County Youth Assistance, HAVEN (shelter and programs for spousal and other abuse relationships), Friends of Madison Heights Youth and Madison Heights Community Family Coalition.

Personal Services: Items of expenditures in the operating budget for salaries and wages paid for services performed by City employees, as well as the fringe benefit costs associated with City employment.

Proposal L: Approved in May 2011, this Proposal generates 1 mill (to be reduced by the State's property tax limitations) of revenue for a ten year duration used to support and maintain the Library.

Proposal MR: Approved in May 2011, this Proposal generates 1.181 mill (to be reduced by the State's property tax limitations) of revenue for a ten year duration, 2011 through 2020, for general operating purposes.

Proposal R: Approved in 1996 and 2006, this Proposal generates two mills (reduced by the State's property tax limitations) of revenue for a ten year duration used to fund infrastructure construction such as roads, storm sewer separation, landscaping and sidewalks.

Proposal V: Approved in 1996 and 2006, this Proposal generates one-half to one-quarter mill (reduced by the State's property tax limitations) for a ten year duration to fund for police, fire, street maintenance and other vehicle purchases.

Rating: The credit worthiness of a city as evaluated by independent agencies.

Reconciliation: A detailed summary of increases and decreases in departmental expenditures from one budget year to another.

Reserve: An account used to indicate that a portion of fund equity is legally restricted for a specific purpose.

Resources: Total dollars available for appropriations including estimated revenues, fund transfers, and beginning fund balance.

Retained Earnings: Within an Enterprise Fund, the accumulation of assets over liabilities. The City's only Enterprise Fund is the Water and Sewer Fund.

Special Assessment District (SAD): Special Assessment District refers to one or more parcels of property that receive a capital improvement (paving, sewers, sidewalks) and then are assessed a debt (principal and interest) to be repaid over a specific number of years.

State Equalized Value (SEV): The assessed value of real and personal property multiplied by a factor as determined by the Michigan State Tax Commission to ensure an assessment level of 50 percent of market value.

Taxable Value: The value upon which the property tax is levied. It is determined by multiplying the prior years taxable value by the current year's cost-of-living index. When the property changes ownership, the SEV becomes the taxable value for that year. The taxable value can never exceed the SEV or assessed value

Tax Rate: The amount of tax levied for each \$1,000 of assessed valuation.

Tax Rate Limits: The maximum legal property tax rate at which a municipality may levy a tax. The limits may apply to taxes raised for a particular purpose or for general purposes.

Trust and Agency Funds: Known as Fiduciary Fund Types, these funds are used to account for assets held by the City in a trustee capacity or as an agent for private individuals, organizations, or other governmental agencies. These funds are not specifically budgeted. The trust funds used by the City are Police and Fire Retirement, and Police and Fire Other Post-employment Benefits. Agency funds are custodial in nature and do not measure the results of operations. The City has two Agency Funds, the Tax Collection Fund and the Escrow Fund.

Truth In Taxation: The Truth in Taxation Act provides a mechanism to ensure public notice and awareness of the increase in property taxes that occurs as a result of an increase in the Taxable Value base on existing property. This act mandates a "tax freeze" with regard to existing property and prohibits revenue growth by requiring a tax rate reduction (rollback) on operating millages unless a specific public hearing is conducted. At the public hearing, the Council discusses and adopts by resolution the millage or tax rates necessary to fund the city services and programs identified in the budget document. Because Madison Heights complies with the MICHIGAN UNIFORM BUDGET ACT (PA 621), the required public hearing for Truth in Taxation is combined with the public hearing for budget adoption as permitted by statute.

Unit Costs: The cost required to produce a specific product or unit of service.

User Charges (also known as User Fees): The payment of a fee for direct receipt of a public service by the party benefiting from the service.

Yield: The rate earned on an investment based on the price paid for the investment.

ACRONYMS

Acronym	Description
ACH	Automated Clearing House
ADA	American with Disabilities Act
AEMT	Advanced Emergency Medical Technician
ALS	Advanced Life Support
CAFR	Comprehensive Annual Financial Report
CDBG	Community Development Block Grant
CIP	Capital Improvement Plan
CPI-W	Consumer Price Index – Workers
CTO	Compensatory Time Off
DDA	Downtown Development Authority
DPS	Department of Public Service
EFTPS	Electronic Federal Tax Payment System
ESL	English as a Second Language
EVIP	Economic Vitality Incentive Program
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principals
GASB	Governmental Accounting Standards Board
GFOA	Government Finance Officers Association
GIS	Geographic Information Systems
GPS	Global Positioning Systems
GWK	George W. Kuhn Drain
HCMA	Huron-Clinton Metropolitan Authority
HMO	Health Maintenance Organization
HUD	Housing and Urban Development
IBNR	Incurred but not Reported
ISP	Investment Service Program
LHOH	Little House on Hales
MDNR	Michigan Department of Natural Resources
MDOT	Michigan Department of Transportation
MEDA	Michigan Economic Development Association
MEDC	Michigan Economic Developers Corporation
MERS	Municipal Employees Retirement System
MLGBC	Michigan Local Government Benchmarking Consortium
MNRTF	Michigan Natural Resource Trust Fund
PPO	Preferred Provider Organization
ROW	Right-of-Way
SAD	Special Assessment District
SAFER	Staffing for Fire Emergency Response
SEV	State Equalized Value
STV	State Taxable Value
TV	Taxable Value

**CITY OF MADISON HEIGHTS
CAPITAL OUTLAY SUMMARY
ITEMS \$2,000 AND OVER
FISCAL YEAR 2012-13**

<u>General Fund</u>	<u>Description</u>	<u>Account</u> <u>Vehicle</u>	<u>Amount</u>
<u>District Court</u> 101-136	<u>Books</u> Books	<u>9870000</u>	\$ 10,000
		Total Department	\$ 10,000
<u>General Administration</u> 101-248	<u>Improvements (Fund Balance Project)</u> City Hall Council Chamber Audio Upgrade and Enhanced Playback	<u>9870000</u>	\$ 40,000
		Total Department	\$ 40,000
<u>Information Technology</u> 101-258	<u>Computer Equipment (Fund Balance Project)</u> City Wide Upgrade Microsoft Office & Adobe Acrobat (75% General Fund)	<u>9810000</u>	\$ 22,500
		Total Department	\$ 22,500
<u>Custodial and Maintenance</u> 101-266	<u>Improvements (Fund Balance Project)</u> Entry Doors - DPS (2), City Hall (1), Police (1) Civic Park Shelter (1)	<u>9870000</u>	\$ 10,000
	<u>Vehicles</u> Building Maintenance Van	<u>9850000</u> #435	\$ 28,000
		Total Department	\$ 38,000
<u>Police</u> 101-301	<u>Radio Equipment</u> Radios (28 portable and 3 mobile)	<u>9850000</u>	\$ 15,000
	<u>Vehicles (Proposal "V" Funded)</u> Patrol Vehicle	<u>9850000</u> #103, #104	\$ 55,400
	Change over cost for Patrol Vehicles	#103, #104, #107, #109	\$ 14,000
			\$ 69,400
	<u>Improvements (Fund Balance Project)</u> Police Station Roof Replacement	<u>9870000</u>	\$ 15,000
		Total Department	\$ 99,400
<u>Fire</u> 101-336	<u>Machinerv and Equipment</u> Thermal Imagining Cameras (2)	<u>9820000</u>	\$ 23,000
	Power Saws for the Engines		6,000
			\$ 29,000
	<u>Radio Equipment</u> Vehicle Headsets for Rescues	<u>9840000</u> #71 & #72	\$ 6,411
	<u>Improvements</u> Fire Station Alerting System	<u>9870000</u>	\$ 3,500
		Total Department	\$ 38,911
<u>Streets</u> 101-446	<u>Vehicles</u> Tandem Dump Trucks V-Box Inserts	<u>9850000</u> #418 & #422	\$ 150,000
	One Ton Dump Truck	#431	60,000
			\$ 210,000
	<u>Vehicles (Proposal "V" Funded)</u> Single Axle Dump Truck (Phase I Funding)	<u>9820000</u> #479	\$ 162,000
		Total Department	\$ 372,000
<u>Parks</u> 101-757	<u>Vehicles (Proposal "V" Funded)</u> 3/4 Ton Pickup with Plow	<u>9850000</u> #485	\$ 28,000
	Chevrolet S-10 Pickup	#477	15,000
			\$ 43,000
	<u>Improvements (Fund Balance Projects)</u> Rosie's Park - Hales Parking Lot Overlay	<u>9870000</u>	\$ 75,000
	Civic, Ambassador and Rosie's Parks - Sectional Path Replacement & Repair		45,000
		Total Department	\$ 120,000
			\$ 163,000

**CITY OF MADISON HEIGHTS
CAPITAL OUTLAY SUMMARY
ITEMS \$2,000 AND OVER
FISCAL YEAR 2012-13**

	<u>Description</u>	<u>Account</u> <u>Vehicle</u>	<u>Amount</u>
<u>Senior Center</u> <u>101-758</u>	<u>Improvements (Senior Millage Funded)</u>	<u>9870000</u>	
	Senior Center Fire Suppression Systems		146,000
	<u>Vehicles (Senior Millage Funded)</u>	<u>9850000</u>	
	Senior Van	#482	20,000
		Total Department	\$ 166,000
<u>Library</u> <u>101-790</u>	<u>Books (Proposal "L" Funded)</u>	<u>9780000</u>	
	Books		\$ 49,707
		Total Department	\$ 49,707
		Total Fund	<u>\$ 959,518</u>
<u>Major Street Fund</u>			
<u>Construction</u> <u>202-451</u>	<u>Rehabilitation Programs</u>	<u>9880436</u>	
	Joint and Crack Seal		75,000
	John R Sectional - 11 Mile to 12 1/2 (General Fund Transfer)		100,000
	John R - Overlay 11 Mile to 12 1/2 (General Fund Transfer)		747,000
	John R Sectional - 10 Mile to 11 Mile (General Fund Transfer)		350,000
	11 Mile Sectional - I-75 to John R (General Fund Transfer)		250,000
	11 Mile Sectional - John R to Dequindre (General Fund Transfer)		250,000
	Campbell 12-13 Mile Curb Repairs (General Fund Transfer)		150,000
	Campbell - 12 Mile Intersection North (General Fund Transfer)		22,000
	Whitcomb Sectional - John R to Dequindre		225,000
	13 Mile Sectional - Campbell to Dequindre (General Fund Transfer)		100,000
			\$ 2,269,000
<u>Traffic Services</u> <u>202-474</u>	<u>Equipment Signals - Future Signals</u>	<u>9770000</u>	
	Traffic Signal Improvements		\$ 10,000
		Total Fund	<u>\$ 2,279,000</u>
<u>Local Street Fund</u>			
<u>Construction</u> <u>202-451</u>	<u>Proposal "R-2" Concrete Repair</u>	<u>9890528</u>	
	Sectional Concrete Replacement		\$ 100,000
	<u>Proposal "R-2" Construction</u>	<u>9890XXX</u>	
	Lenox - Baxter to Sprague		\$ 230,000
	Hampden - Farnum Intersection		127,000
	University - Lenox to Hampden		127,000
	Brettonwoods - Gardenia to Farnum		578,000
	Forest - Hampden to Brettonwoods & Hampden Intersection		252,000
	Gardenia - Hampden to Dartmouth		283,000
	Parker - E of Sealcoat to John R		566,000
			<u>\$ 2,163,000</u>
	<u>Rehabilitation Programs</u>	<u>9880436</u>	
	Whitcomb Sectional - east of Stephenson		25,000
	Industrial Sectional - 14 Mile to East Avis		200,000
	Commercial & Industrial Sectional Concrete Replacement		50,000
			<u>\$ 275,000</u>
		Total Fund	<u>\$ 2,538,000</u>

**CITY OF MADISON HEIGHTS
CAPITAL OUTLAY SUMMARY
ITEMS \$2,000 AND OVER
FISCAL YEAR 2012-13**

	<u>Description</u>	<u>Vehicle</u>	<u>Account</u>	<u>Amount</u>
<u>Park Maintenance and Improvement Fund</u>				
<u>208-463</u>	<u>Improvements</u>		<u>9870000</u>	
	Friendship Woods - Trail Cutback (Total cost \$5,000 w/Oakland Parks \$2,500)			\$ 2,500
	Friendship Woods - Tree Cutting (Total cost \$60,000 w/Oakland Parks \$30,000)			30,000 \$ 32,500
		Total Fund		<u>\$ 32,500</u>
<u>Drug Forfeiture</u>				
<u>264-301</u>	<u>Vehicles</u>		<u>9850000</u>	
	Police Patrol and Command Vehicles	#107, #109		\$ 55,400
	(change over budgeted in 101-301)			
		Total Fund		<u>\$ 55,400</u>
<u>Special Assessment Revolving Fund</u>				
<u>297-401</u>	<u>Sidewalk Program</u>		<u>9897504</u>	
	Sidewalk Replacement & Gap Installation			\$ 420,000
		Total Fund		<u>\$ 420,000</u>
<u>Water & Sewer Fund</u>				
<u>590-590</u>	<u>Computer Equipment</u>		<u>9810-000</u>	
	City Wide Upgrade Microsoft Office & Adobe Acrobat (25% Water and Sewer)			\$ 7,500
		Total Department		\$ 7,500
<u>590-901</u>	<u>Watermain Replacement</u>		<u>9731000</u>	
	Hampden - 11 Mile to Andover			245,000
	Palmer - North Dead End to 11 Mile			229,000 \$ 474,000
	<u>Vehicles</u>		<u>9850000</u>	
	Vactor - Reconditioned	#465		30,000
	3/4 Ton Pickup with Plow	#461		28,000
	3/4 Ton Pickup with Plow	#453		28,000 \$ 86,000
-	<u>Improvements</u>		<u>9870000</u>	
	DPS Roof Section Repairs			5,000
	DPS Water and Sewer Roof Replacement			225,000 \$ 230,000
		Total Department		\$ 790,000
		Total Fund		<u>\$ 797,500</u>

**FUND BALANCE PROJECTS ONLY
CITY OF MADISON HEIGHTS
CAPITAL OUTLAY SUMMARY
ITEMS \$2,000 AND OVER
FISCAL YEAR 2012-13**

	<u>Description</u>	<u>Account</u>	<u>Amount</u>
<u>General Fund</u>			
<u>General Administration</u>	<u>Improvements</u>	<u>9870000</u>	
101-248	City Hall Council Chamber Audio Upgrade and Enhanced Playback		\$ 40,000
	Total Department		\$ 40,000
<u>Information Technology</u>	<u>Computer Equipment</u>	<u>9810000</u>	
101-266	City Wide Upgrade Microsoft Office & Adobe Acrobat		\$ 22,500
	Total Department		\$ 22,500
<u>Custodial and Maintenance</u>	<u>Improvements</u>	<u>9870000</u>	
101-266	Entry Doors - DPS (2), City Hall (1), Police (1) Civic Park Shelter (1)		\$ 10,000
	Total Department		\$ 10,000
<u>Police</u>	<u>Improvements</u>	<u>9870000</u>	
101-301	Police Station Roof Replacement		\$ 15,000
	Total Department		\$ 15,000
<u>Parks</u>	<u>Improvements</u>	<u>9870000</u>	
101-757	Rosie's Park - Hales Parking Lot Overlay	\$ 75,000	
	Civic, Ambassador and Rosie's Parks - Sectional Path Replacement & Repair	45,000	\$ 120,000
	Total Department		\$ 120,000
	Total Fund		<u>\$ 207,500</u>
<u>Major Street Fund</u>			
<u>Construction</u>	<u>Rehabilitation Projects</u>	<u>9880436</u>	
202-451	John R Sectional - 11 Mile to 12 1/2	100,000	
	John R Overlay - 11 Mile to 12 1/2	747,000	
	John R Sectional - 10 Mile to 11 Mile	350,000	
	11 Mile Sectional - I-75 to John R	250,000	
	11 Mile Sectional - John R to Dequindre	250,000	
	Campbell 12-13 Mile Curb Repairs	150,000	
	Campbell - 12 Mile Intersection North	22,000	
	Whitcomb Section - John R to Dequindre	100,000	
	13 Mile Sectional - Campbell to Dequindre	100,000	\$ 2,069,000
	Total Fund		<u>\$ 2,069,000</u>
<u>Local Street Fund</u>			
<u>Construction</u>	<u>Rehabilitation Projects</u>	<u>9890501</u>	
203-451	Industrial Section - 14 Mile to East Avis		\$ 100,000
	Total Fund		<u>\$ 100,000</u>
	Total Use of Fund Balance Projects		<u>\$ 2,376,500</u>